

TORONTO STOCK EXCHANGE

TORONTO

BULLETIN NO. 7001

December 16, 1958.

NEW LISTINGGENESCO INC.

and Stry

Application has been granted to list 15,333,527 common shares of \$1.00 par value each, of which 5,274,877 shares are subject to issuance. The common shares will be posted for trading at the opening on Wednesday, December 18th. Stock Symbol "GCO"; Post Section 10; Dial Quotation No. 1414.

Listing Statement No. 2323 is being prepared and will be available soon. The following is some of the information that will be in the Statement:

Incorporated - under the Laws of the State of Tennessee on July 7, 1925.

Head Office - 111 Seventh Avenue North, Nashville, Tennessee 37202.

Nature of Business - The principal business of the Company is the manufacturing and distribution at wholesale and retail of men's and women's apparel, including footwear. The Company operates 196 manufacturing plants and warehouses, 153 of which are in the United States, and approximately 1,750 retail establishments.

Transfer Agents and Registrars -

Transfer Agents - Morgan Guaranty Trust Company of New York, New York; First American National Bank of Nashville, Nashville, Tennessee; Canada Permanent Trust Company, Toronto.

Registrars - Chemical Bank New York Trust Company, New York; Third National Bank in Nashville, Nashville; Canada Permanent Trust Company, Toronto.

Capitalization - as at July 31, 1958.

Capital Stock To Be Listed	<u>Authorized</u>	<u>Issued and Outstanding</u>	<u>To Be Listed</u>
Common Stock, par value \$1.00 per share	20,000,000	9,400,539	15,333,527*

*Including 663,081 shares previously issued but repurchased by the Company and now held in its treasury and a total of 5,274,877 shares reserved for issuance in connection with certain transactions.

The Company is presently authorized to issue the following six principal classes of capital stock, two of which are issuable in series, each series constituting a separate class:

- (1) 82,368 shares of Cumulative Convertible Preferred Stock, without nominal or par value. (Convertible Preferred Stock)
- (2) 500,215 shares of Subordinated Cumulative Convertible Preference Stock, without nominal or par value. (Subordinating Preference Stock), consisting of 3 series as follows:
 - (a) Series "A" - 63,943 shares
 - (b) Series "B" - 161,931 shares
 - (c) Series "C" - 239,291 shares
- (3) 3,000,000 shares of Subordinated Serial Preferred Stock, without nominal or par value (Serial Preferred Stock), issuable in an indeterminable number of series of which 3 series have been authorized as follows:
 - (a) Series 1 - 131,826 shares
 - (b) Series 2 - 395,623 shares
 - (c) Series 3 - 105,375 shares
- (4) 5,000,000 shares of Subordinated Cumulative Preferred Stock without nominal or par value (Cumulative Preferred Stock).
- (5) 5,000,000 shares of Employees' Subordinated Convertible Preferred Stock, without nominal or par value (Employees' Stock).
- (6) 20,000,000 shares of Common Stock, par value \$1 per share

Earnings - \$32,005,300 year ended July 31st, 1968.

Dividends - The following table sets forth the annual dividend payments on the Company's common stock over the preceding ten years, as adjusted to reflect a three-for-two stock split in 1968. Dividends on the common stock have been paid quarterly on the last days of January, April, July and October for more than thirty years:

1959	-	\$1.00	1964	-	\$1.07
1960	-	\$1.02	1965	-	\$1.13
1961	-	\$1.07	1966	-	\$1.20
1962	-	\$1.07	1967	-	\$1.40
1963	-	\$1.07	1968	-	\$1.50

Listing on Other Exchanges - Common shares (both issued and reserved) are listed on the New York and Mid-West Stock Exchanges.

BY ORDER OF THE BOARD OF GOVERNORS

J. R. KIMBER,
President

Digitized by the Internet Archive with 100,000 PGCs - https://archive.org/details/Gene5516_1968

and the economic, political, cultural and social life of the province. It is the largest collection of historical documents in Canada and is used by historians, genealogists, librarians, teachers, students and the general public. The collection includes over 100,000 pages of historical documents, including maps, charts, tables, and other data. The collection is available online at https://archive.org/details/Gene5516_1968.

10.10	-	6001	70.10	-	6001
21.10	-	6001	20.10	-	6001
08.10	-	6001	50.10	-	6001
06.10	-	6001	30.10	-	6001
05.10	-	6001	70.10	-	6001

Digitized by the Internet Archive with 100,000 PGCs - https://archive.org/details/Gene5516_1968

Digitized by the Internet Archive with 100,000 PGCs - https://archive.org/details/Gene5516_1968

Digitized by the Internet Archive with 100,000 PGCs - https://archive.org/details/Gene5516_1968

Digitized by the Internet Archive
in 2025 with funding from
University of Alberta Library

https://archive.org/details/Gene5516_1968

This Listing Statement is compiled by the Exchange from documents filed by the Company in making application for listing. It is issued for the information of members, member firms and member corporations of the Exchange. It is not and is not to be construed as a prospectus. The Exchange has received no consideration in connection with the issue of this Listing Statement other than the customary listing fee. The documents referred to above are open for inspection at the general office of the Exchange.

LISTING STATEMENT NO. 2328

LISTED DECEMBER 18, 1968

15,338,527 shares of Common Stock, par value \$1 per share, of which 5,274,877 shares are subject to issuance. Stock Symbol "GCO" Post Section 10 Dial Quotation Number 1414

THE TORONTO STOCK EXCHANGE

LISTING STATEMENT

GENESCO INC.

Incorporated under the Laws of the State of Tennessee
on July 7, 1925.

COMMON STOCK — PAR VALUE \$1.00

Transferable in New York, New York
Nashville, Tennessee
Toronto, Ontario

CAPITALIZATION AND FUNDED DEBT AS AT JULY 31, 1968

CAPITAL STOCK TO BE LISTED	AUTHORIZED	ISSUED AND OUTSTANDING	TO BE LISTED
Common Stock, par value \$1.00 per share	20,000,000	9,400,569	15,338,527*

*Including 663,081 shares previously issued but repurchased by the Company and now held in its treasury and a total of 5,274,877 shares reserved for issuance in connection with certain transactions. Reference is made to caption No. 11 "Shares Reserved for Issuance" hereof.

OTHER CAPITAL STOCK AND FUNDED DEBT

Reference is made to caption No. 6 "Description of Capital Stock" and to caption No. 9 "Funded Debt" hereof.

1.

APPLICATION FOR LISTING

GENESCO INC. (herein called the "Company") hereby makes application for listing on The Toronto Stock Exchange of 15,338,527 shares of its Common Stock, par value \$1.00 per share, of which at July 31, 1968, 10,063,560 (including 663,081 shares previously issued by the Company and now held in its treasury) were issued as fully paid and nonassessable and of which 9,400,569 shares were outstanding. The remaining 5,274,877 shares included in this application have been reserved for issuance as set forth under the caption "Shares Reserved for Issuance" hereof.

2.

REFERENCE TO PROSPECTUS

Reference is hereby made to the attached Prospectus, dated November 1, 1968, relating to 394,737 shares of the Company's Common Stock (hereinafter referred to as the "Prospectus"), which by this reference is incorporated herein and made a part of this Listing Statement and will be referred to from time to time for certain additional information in connection herewith.

3.

HISTORY, BUSINESS AND PROPERTIES

The Company was incorporated under the laws of Tennessee in 1925 under the name of Jarman Shoe Company. The name of the Company was changed to General Shoe Corporation in 1933 and to GENESCO Inc. in 1959.

Reference is made to the caption "Business" beginning on page 12 of the attached Prospectus for information with respect to the Company's business and properties.

4.

CAPITAL STOCK

The Company's original Certificate of Incorporation initially authorized 2,000 shares of preferred stock, par value \$1.00 per share, and 2,000 shares of Common Stock, without nominal or par value. Since the organization of the Company in 1925, the stockholders have approved nineteen separate amendments to the Certificate of Incorporation effecting changes in the Company's authorized capitalization.

The Common Stock in its present form was initially authorized in 1939 as consisting of 1,200,000 shares and, since that date, has been the only class of Common Stock authorized. The number of authorized shares of Common Stock was increased by amendments to 2,000,000, 5,000,000, 10,000,000 and 20,000,000 in 1953, 1956, 1962 and 1966, respectively. The Common Stock was split two-for-one in 1956 and three-for-two in 1966; no stock dividends have ever been declared by the Company.

In 1962, when the first class of preferred stock still in existence was authorized, the Company had had at one time or another an aggregate of four different classes of preferred stock, one of which itself consisted of four classes. None of these classes is currently in existence. Of the five principal classes of preferred stock now authorized, as described under caption No. 6 "Description of Capital Stock", the first class was authorized on December 3, 1962, the second on August 22, 1966, the third on July 8, 1968 and both the fourth and fifth on January 19, 1968. The first and second principal classes originally consisted of 300,000 and 800,000 shares, respectively, but as of July 31, 1968, 217,632 and 299,795 shares, respectively, had been either reacquired by the Company (principally upon conversions thereof) or unissued and removed by the shareholders from the authorized capitalization of the Company.

5.

SHARES ISSUED DURING THE PAST NINE YEARS

At October 31, 1959, there were issued and outstanding 3,019,286 shares of Common Stock and 133,789 shares of Cumulative Preference Stock, consisting of four series. Subsequent to that date there were no additional issuances of Cumulative Preference Stock, and by December 8, 1964, all shares of such stock had been reacquired by the Company and removed from its authorized capital stock. The following is a summary of share issuances subsequent to October 31, 1959.

Common Stock

The following table sets forth the aggregate number of shares of Common stock issued or transferred from the treasury in each fiscal year subsequent to fiscal 1959 according to the type of transaction involved:

Fiscal Year	Acquired Companies	Conversion of Convertible Securities	Restrictive Executive Stock Option Plan	Employee Incentive Plan	Stock Split
1960	182,548	—	7,747	1,677	—
1961	46,896	—	8,035	547	—
1962	133,409	—	11,168	230	—
1963	23,798	—	9,143	166	—
1964	359,742	1,417	11,543	1,556	—
1965	425,732	96,993	8,672	1,965	—
1966	101,728	246,092	8,172	64,367	2,633,871
1967	385,559	163,480	6,095	182,510	—
1968	1,303,181(1) (2)	598,918	4,465	98,899	—

(1) Including 581,065 shares transferred from treasury.

(2) 917,680 of these shares were issued or transferred from treasury in fiscal 1969 but were treated for accounting purposes as having been issued or transferred in fiscal 1968.

Preferred Stock

In fiscal 1963, 185,000 shares of Cumulative Convertible Preferred Stock were issued to underwriters for sale to the public, and an additional 91,629 such shares were exchanged with former holders of Cumulative Preference Stock, Series A, Series B, Series C and Series D.

In fiscal 1967, 1968 and 1969 an aggregate of 358,280 shares of Cumulative Preferred Stock, Series A, Series B and Series C and Subordinated Serial Preferred Stock, Series 1 and Series 2, were issued to certain companies in exchange for either the assets or capital stock thereof.

In fiscal 1968, 953,523 shares of Employees' Subordinated Convertible Preferred Stock was issued to employees in exchange for a like number of shares of Common Stock in connection with the institution of the company's new employee incentive plans (see caption No. 10 "Employees' Incentive and Stock Option Plans"), and an additional 272,981 such shares were issued in fiscal 1968 to employees pursuant to the terms of such plans.

Twenty-five shares of Subordinated Cumulative Preferred Stock were issued in fiscal 1968 to employees upon conversion of a like number of shares of Employees' Subordinated Convertible Preferred Stock.

DESCRIPTION OF CAPITAL STOCK

Classes of Stock

The Company is presently authorized to issue the following six principal classes of capital stock, two of which are issuable in series, each series constituting a separate class:

- (1) 82,368 shares of Cumulative Convertible Preferred Stock, without nominal or par value. ("Convertible Preferred Stock").
- (2) 500,215 shares of Subordinated Cumulative Convertible Preference Stock, without nominal or par value ("Subordinated Preference Stock"), consisting of 3 series as follows:
 - (a) Series A — 68,943 shares.
 - (b) Series B — 161,981 shares.
 - (c) Series C — 269,291 shares.
- (3) 3,000,000 shares of Subordinated Serial Preferred Stock, without nominal or par value ("Serial Preferred Stock"), issuable in an indeterminable number of series of which 3 series have been authorized as follows:
 - (a) Series 1 — 131,826 shares.
 - (b) Series 2 — 395,626 shares.
 - (c) Series 3 — 105,875 shares.
- (4) 5,000,000 shares of Subordinated Cumulative Preferred Stock, without nominal or par value ("Cumulative Preferred Stock").
- (5) 5,000,000 shares of Employees' Subordinated Convertible Preferred Stock, without nominal or par value ("Employees' Stock").
- (6) 20,000,000 shares of Common Stock, par value \$1 per share.

Relative Preferences Among Classes of Stock

The six principal classes of capital stock of the Company together with the several series, rank in order of preference to dividends, liquidation payment and sinking fund payments in the order listed above except that Serial Preferred Stock, Series 1 and 2 rank equally with each other and ahead of all subsequent series of such stock. The Serial Preferred Stock is issuable in an indeterminable number of series, the preferences, rights and privileges of each series of which may be fixed prior to issuance of any shares thereof in the complete discretion of the Board of Directors of the Company.

Characteristics of the Capital Stock

Reference is made to note 10 of the Notes to Consolidated Financial Statements beginning on page 27 and to the caption "Common Stock of GENESCO—Miscellaneous" on page 17 of the attached Prospectus for a description of the characteristics of the various classes of the Company's capital stock.

DIVIDEND RECORD

The following table sets forth the annual dividend payments on the Company's Common Stock over the preceding ten fiscal years, as adjusted to reflect a three-for-two stock split in 1966. Dividends on the Common Stock have been paid quarterly on the last days of January, April, July and October for more than thirty years.

1959 — \$1.00	1964 — \$1.07
1960 — \$1.02	1965 — \$1.13
1961 — \$1.07	1966 — \$1.20
1962 — \$1.07	1967 — \$1.40
1963 — \$1.07	1968 — \$1.50

SUBSIDIARY COMPANIES

As of July 31, 1968, the Company had 478 subsidiary or controlled companies. Of these, the Company owns directly or beneficially 100% of the outstanding voting securities of 382 such companies. With the exception of S. H. Kress and Company (95.1% owned), Agnew-Surpass Shoe Stores Limited (97.17% owned), The G. Edwin Smith Shoe Company (99.99% owned) and McInerny, Ltd. (92.50% owned) the assets and operations of the remaining non-wholly owned subsidiaries are not considered significant in the aggregate.

446 of the subsidiary or controlled companies are incorporated within the United States, and the remaining 32 are non United States corporations. The large majority of subsidiaries consist of relatively small retail stores and part of the remaining consist of manufacturing corporations. The following is a list of all Canadian subsidiary or controlled companies of the Company together with information as to their ownership:

<u>Name of Company</u>	<u>Percentage of Outstanding Voting Securities Owned Beneficially by the Company or a named Canadian Subsidiary</u>
Agnew-Surpass Shoe Stores, Limited	97.17%
The John Ritchie Company, Limited	100% (Agnew-Surpass)

<u>Name of Company</u>	<u>Percentage of Outstanding Voting Securities Owned Beneficially by the Company or a named Canadian Subsidiary</u>
Continental Shoe Sales Corp., Limited	100% (John Ritchie)
Country Lane Shoe Corporation, Limited	100% (John Ritchie)
J. A. Johnston Company, Limited	100%
Disco Shoes, Limited	100% (J. A. Johnston)
J. P. Blais, Limited	100% (J. A. Johnston)
Maitland Shoes, Limited	100% (J. A. Johnston)
Reward Shoes, Limited	100% (J. A. Johnston)
Williams Shoes, Limited	100% (J. A. Johnston)
Wragge Shoes, Limited	100% (J. A. Johnston)
The British Rubber Company, Limited	100%
Montreal Shoe Stores	100% (British Rubber)
GENESCO of Canada, Inc.	100%
GENESCO Acceptance, Limited	100%

9.

FUNDED DEBT

Reference is made to note 8 of the Notes to Consolidated Financial Statements beginning on page 26 of the attached Prospectus for information with respect to the Funded Debt of the Company.

10.

EMPLOYEE INCENTIVE AND STOCK OPTION PLANS

The Company has in effect a restrictive executive stock option plan due to expire by its terms at the end of the current calendar year. In addition, there are three different plans in effect pursuant to which employees of the Company can purchase Common Stock upon varying terms. For information regarding these employee plans see note 4 of the Notes to Consolidated Financial Statements beginning on page 26 of the attached Prospectus.

11.

SHARES RESERVED FOR ISSUANCE

At July 31, 1968, 1,146,893 shares of the Company's Common Stock were reserved for issuance in connection with various employee incentive and stock option plans; 408,559 shares were reserved contingent upon earnings of certain pooled companies; and 3,719,385 shares were reserved for conversion of the 4.75% notes, certain convertible preferred stocks and the debentures of GENESCO World Apparel, Ltd., a wholly owned Virgin Islands subsidiary.

12.

LISTING ON OTHER EXCHANGES

The outstanding shares of the Company's Common Stock and Cumulative Convertible Preferred Stock are listed on the New York and Midwest Stock Exchanges in the United States. In addition, the shares of Common Stock reserved for issuance as described above are listed, subject to official notice of issuance thereof, on such exchanges. The debentures of GENESCO World Apparel, Ltd. are listed on the New York and Luxembourg Stock Exchanges, and application is being made to the Luxembourg Stock Exchange to list the Company's Common Stock thereon. No other securities of the Company or its subsidiaries are listed on any exchange.

13.

STATUS UNDER SECURITIES ACTS

The Company has complied with all registration and other filing requirements of the United States Securities Act of 1933, and of the rules and regulations of the United States Securities and Exchange Commission and all such filings are currently up to date.

Upon approval of this application, the Company will promptly comply with the Ontario Securities Act of 1966 to the extent required by the rules and regulations thereunder.

14.

FISCAL YEAR, ANNUAL MEETING AND HEAD OFFICE

The fiscal year of the Company ends on July 31 of each year. The Bylaws of the Company provide that the annual meeting of the shareholders shall be held on the first Monday in December of each year at the offices of the Company in Nashville, Tennessee at such hour as shall be designated by the Board of Directors.

The last annual stockholders' meeting was held on December 2, 1968. The principal executive offices of the Company are located at 111 Seventh Avenue, North, Nashville, Tennessee, 37202.

PROSPECTUS

394,737 Shares*

GENESCO Inc.

Common Stock
(\$1 Par Value)

THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION NOR HAS THE COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

The shares of Common Stock covered by this Prospectus are issuable by GENESCO Inc. (the "Company" or "GENESCO") upon the conversion of 5½% Guaranteed (Subordinated) Debentures Due 1988, described herein, of GENESCO World Apparel, Ltd. ("World Apparel"). The Debentures are convertible at principal amount into such Common Stock on and after November 1, 1968 and prior to maturity, unless previously redeemed, at a price of \$38.00 per share, subject to adjustment under certain conditions.

The shares of Common Stock covered by this Prospectus are listed, subject to notice of issuance, on the New York and Midwest Stock Exchanges. The Company has applied for listing of its Common Stock on the Toronto Stock Exchange and intends to apply for the listing of such stock on the Luxembourg Stock Exchange.

The date of this Prospectus is November 1, 1968

* This Prospectus covers, in addition to the number of shares of Common Stock stated above, an indeterminate number of shares which may become issuable upon conversion of the Debentures described herein pursuant to the anti-dilution provisions discussed under the caption "Conversion of Debentures".



GENESCO
Everything To Wear

No person has been authorized to give any information or to make any representation not contained in this Prospectus and, if given or made, such information or representation must not be relied upon as having been authorized. This Prospectus does not constitute an offer of any securities other than those to which it relates, or an offer of those to which it relates to any person in any jurisdiction where such offer would be unlawful. The delivery of this Prospectus at any time does not imply that the information herein is correct as of any time subsequent to its date.

TABLE OF CONTENTS

	<u>Page</u>		<u>Page</u>
Shares Issuable Upon Conversion of Debentures..	3	Spinning and Knitting	14
Conversion of Debentures	3	Kress	14
Description of Debentures and Guarantee	4	European Operations	15
Denomination	4	Research and Development	15
Payment of Principal and Interest	4	Employee Relations	15
Guarantee and Subordination	4	Recent Developments	15
United States Taxation	5	Common Stock of GENESCO	16
Virgin Islands Taxation	7	Voting Rights; Non-Cumulative Voting	16
Sinking Fund	8	Dividend and Liquidation Rights	16
Optional Redemption	8	Miscellaneous	17
Events of Default	10	Reports to Stockholders	17
Modification of the Indenture	10	Stock Exchange Listings	17
Stock Exchange Listings	10	Transfer Agents and Registrars	17
Statement of Earnings	11	Legal Proceedings	17
Business	12	Legal Opinions	18
Women's Apparel	12	Experts	18
Men's Apparel	13	Index to Financial Statements	19
Children's Apparel	14	Accountants' Report	20
Footwear	14		

STATEMENT OF AVAILABLE INFORMATION

This Prospectus does not contain all the information set forth in the Registration Statement, certain portions of which have been omitted pursuant to the rules and regulations of the Securities and Exchange Commission. GENESCO is subject to the informational requirements of the Securities Exchange Act of 1934 and in accordance therewith files reports and other information with the Securities and Exchange Commission. Proxy statements of GENESCO, dated November 3, 1967 and June 18, 1968, contain certain information concerning directors and officers of GENESCO, their remuneration, options granted to them, holders of securities of GENESCO, and material interests of certain of such persons in transactions with GENESCO, at the dates specified therein. Such proxy statements are filed with the Securities and Exchange Commission and were distributed to the voting security holders of GENESCO. Other documents on file with the Securities and Exchange Commission contain information relative to employee stock purchase, incentive and retirement plans. Such proxy statements and other reports filed with the Securities and Exchange Commission can be inspected at its principal office at 500 N. Capitol Street, N.W., Washington, D.C., and copies of such material can be obtained from it at prescribed rates. In addition, reports, proxy material and other information concerning GENESCO have been filed with and can be inspected at the New York Stock Exchange and the Midwest Stock Exchange.

SHARES ISSUABLE UPON CONVERSION OF DEBENTURES

This Prospectus covers shares of the Company's Common Stock, par value \$1 per share, issuable upon conversion of \$15,000,000 principal amount of the 5½% Guaranteed (Subordinated) Debentures Due 1988 (the "Debentures") of World Apparel, a wholly-owned subsidiary of the Company. The Company has agreed to reserve such number of shares of authorized and unissued stock or of issued and reacquired stock as may from time to time be deliverable upon conversion of all outstanding Debentures. A total of 394,737 shares of the Company's authorized and unissued Common Stock has been reserved for conversion of the Debentures at the initial conversion price of \$38.00 per share. For a description of certain rights pertaining to shares of the Company's Common Stock, see caption "Common Stock of GENESCO" herein.

CONVERSION OF DEBENTURES

The Debentures are convertible at principal amount into Common Stock of the Company at any time on or after November 1, 1968 and on or prior to March 1, 1988, at the conversion price of \$38.00 per share. The conversion price is subject to adjustment in certain cases, including, generally, the issuance of Common Stock at a price below the conversion price then in effect, a subdivision or combination of outstanding Common Stock, a recapitalization of the Company, a consolidation or merger of the Company into another corporation, or a sale of substantially all its assets; except that no adjustment is required to be made in connection with the issuance of shares of Common Stock (i) upon conversion of \$4.50 Cumulative Convertible Preferred Stock of the Company, (ii) upon conversion of Subordinated Cumulative Convertible Preference Stock, Series A, B and C of the Company, (iii) upon conversion of Employees' Subordinated Convertible Preferred Stock of the Company, (iv) upon conversion of the Company's 4.75% Convertible Subordinated Notes, due July 31, 1982, (v) for consideration all or any part of which consists of property other than cash, and (vi) pursuant to bonus or other incentive compensation plans or arrangements, or options or stock purchase agreements existing or outstanding on the date of the Indenture or thereafter established, granted or entered into with officers or employees of the Company or of a subsidiary. (*Article Four of the Indenture*)

Conversion of Debentures may be effected by delivering them to the Company at the corporate trust office of First National City Bank in New York City, or, subject to any applicable laws, at the main offices of First National City Bank in Amsterdam, Brussels, Frankfurt/Main, London (City Office), Milan or Paris, or at the office of Banque de Paris et des Pays-Bas pour le Grand Duché de Luxembourg, in Luxembourg. The Company may change any such conversion agent, but an agency for such purpose will be maintained in New York City and, so long as required to maintain any listing on the Luxembourg Stock Exchange, in Luxembourg. (*Sections 4.01 and 5.02 of the Indenture*)

Fractional shares of Common Stock will not be issued upon conversion. The Company will pay a cash adjustment in respect of any fractional interest based on the market price of the Common Stock on the date of conversion. On conversion no payment of accrued interest will be made. The right to convert Debentures called for redemption terminates on the date fixed for redemption. Without limiting its obligation to convert Debentures, the Company has agreed to endeavor to effect any necessary registration with any governmental authority under any Federal or State law of the United States of America of the shares of Common Stock deliverable upon conversion of the Debentures, which registration may be required before such shares can be so delivered. (*Sections 4.01, 4.03, 4.05 and 4.09 of the Indenture*)

World Apparel, the Company and the Trustee may amend the Indenture to provide that conversions will be effected by World Apparel rather than the Company, with the Company agreeing to make available to World Apparel the shares of Common Stock necessary for such conversion. In such event, the Company will agree to guarantee the due and punctual performance by World Apparel of its obligation to convert Debentures into Common Stock. (*Sections 4.14 and 9.01 of the Indenture*)

DESCRIPTION OF DEBENTURES AND GUARANTEE

The Debentures, dated March 1, 1968, are direct unsecured general obligations of World Apparel and are guaranteed on a subordinated basis by the Company as described below. They are issued under an Indenture (the "Indenture"), dated as of March 1, 1968, among World Apparel, the Company, as Guarantor, and First National City Bank, as Trustee (the "Trustee"), are limited to \$15,000,000 aggregate principal amount and were sold to the public outside the United States by a group of underwriters represented by Lehman Brothers, Blyth & Co., Inc., J. C. Bradford & Co., Incorporated and Banque de Paris et des Pays-Bas. Certain statements under this caption and under the preceding caption are summaries of, and subject to, the detailed provisions of the Indenture, copies of which are filed with the Securities and Exchange Commission and the New York, Midwest, Toronto and Luxembourg Stock Exchanges and are available for inspection at such offices and at the offices referred to in the second following paragraph. Whenever particular provisions of the Indenture are referred to, such provisions are incorporated by reference as a part of the statements made, and the statements made are qualified in their entirety by such reference. Section and article references appearing below are to the Indenture.

Denomination

The Debentures are issued as bearer coupon Debentures in the denomination of \$1,000 and title thereto passes by delivery. (*Section 2.03*)

Payment of Principal and Interest

The Debentures mature March 1, 1988, with interest at 5½% payable annually on March 1 beginning March 1, 1969. The Debentures and coupons may be presented for payment in United States Dollars (a) at the corporate trust office of First National City Bank or (b) subject to any applicable laws, at the main offices of First National City Bank in Amsterdam, Brussels, Frankfurt/Main, London (City Office), Milan or Paris, or at the office of Banque de Paris et des Pays-Bas pour le Grand Duché de Luxembourg, in Luxembourg. Payment at the offices referred to in (b) above will be made by a United States Dollar check drawn on a bank in New York City or by a transfer to a United States Dollar account maintained by the payee with a bank in New York City. World Apparel may change any such paying agent, but as long as any Debentures remain outstanding World Apparel will maintain a paying agent in New York City and, so long as required to maintain any listing on the Luxembourg Stock Exchange, in Luxembourg. (*Debenture and Section 5.02*)

Guarantee and Subordination

The Company has guaranteed the due and punctual payment of the principal of (and premium, if any) and interest on the Debentures (and payments as provided under the headings "United States Taxation" and "Virgin Islands Taxation" herein) and the due and punctual payment of the sinking

fund payments, when and as the same shall become due and payable, whether by declaration or otherwise, and will honor the right of any Debentureholder to convert the principal amount of any Debenture which is in default into its Common Stock. (Section 2.05)

In certain events of bankruptcy, insolvency or default and the like, the Guarantee by the Company is subordinated in right of payment, as set forth in the Indenture, to the prior payment in full of all Senior Indebtedness of the Company, whether outstanding on the date of the Indenture or thereafter incurred. It should be noted that a default by World Apparel on the Debentures may be a default with respect to Senior Indebtedness in which case Debentureholders will not be paid until Senior Indebtedness is paid in full unless the holders thereof otherwise agree. Senior Indebtedness is defined as the principal of (and premium, if any) and interest on (a) certain existing indebtedness of the Company specified in the Indenture, (b) indebtedness, whether outstanding on the date of the Indenture or thereafter incurred, for the payment of which the Company is responsible or liable as obligor, guarantor or otherwise to persons, firms or corporations which engage in lending money, including, but without limitation, banks, trust companies, insurance companies and other financing institutions and charitable trusts, pension trusts and other investing organizations, evidenced by notes or similar obligations, (c) indebtedness of the Company whether outstanding on the date of the Indenture or thereafter incurred, evidenced by notes or debentures issued under the provisions of an indenture or similar instrument between the Company and a bank or trust company, or (d) indebtedness (other than trade accounts payable) incurred, assumed or guaranteed by the Company whether presently outstanding or hereafter incurred, assumed or guaranteed, in connection with the acquisition by it or a subsidiary of businesses, properties or other assets, unless, in any such case, it is expressly provided that such indebtedness is subordinated to Senior Indebtedness of the Company. The Debentures will not be subordinated to any indebtedness of World Apparel. (Section 1.01 and Article Thirteen)

United States Taxation

Taxes on Principal, Premium or Interest—World Apparel will pay as additional interest to the holder of any Debenture or of any coupon appertaining thereto who is, as to the United States of America, a non-resident alien individual, a non-resident alien fiduciary of a foreign estate or trust, a foreign corporation, or a foreign partnership, such amounts as may be necessary in order that every net payment of the principal of (and premium, if any) and interest on such Debenture, after deduction or withholding for or on account of any present or future tax, assessment or other governmental charge imposed upon or as a result of such payment by the United States of America or any political subdivision or taxing authority thereof or therein, will not be less than the amount provided for in such Debenture or in such coupon to be then due and payable; provided, however, that the foregoing shall not apply to any tax, assessment or other governmental charge which is required to be deducted or withheld or is imposed by reason of (i) such holder's engaging or having engaged in a trade or business, or such holder's being or having been physically present in the United States of America, (ii) a present or former relationship between such holder (or a settlor or beneficiary of a fiduciary holder or a member of a partnership holder) and the United States of America, the Commonwealth of Puerto Rico, the Virgin Islands, the Canal Zone or any territory or possession of the United States of America (including, without limitation, such person's status as a citizen or former citizen thereof or a resident therein), (iii) such holder's status as a foreign or domestic personal holding company with respect to the United States of America, (iv) the presentation by the holder of such Debenture or of any coupon appertaining thereto for such payment on a date more than ten days after the

date on which such payment becomes due and payable or the date on which payment thereof is duly provided, whichever occurs later, or (v) any combination of the foregoing; and provided, further, that the foregoing shall not apply to any portion of any such payment of principal (or premium, if any) or interest to a non-resident alien fiduciary or a non-resident foreign partnership, which portion is required by the laws of the United States of America (or any political subdivision or taxing authority thereof or therein) to be included in the income for tax purposes of a settlor or beneficiary of such fiduciary or a member of such partnership who would not have been entitled to additional interest hereunder had he been the holder of such Debenture or coupon. World Apparel will also pay as additional interest to the person who has paid the tax any income tax imposed by the United States of America or any subdivision or taxing authority thereof or therein on a holder on the sale or conversion (within or without the United States of America) of a Debenture attributable to original issue discount, if any, as that term is used in Section 1232 of the Internal Revenue Code of 1954 of the United States of America; provided, however, that this payment provision shall only apply where such holder would have been entitled to additional interest under this paragraph if the Debenture had been redeemed at the time of such sale or conversion. World Apparel shall not be required to make any payment with respect to or on account of (a) any tax, assessment or other governmental charge which is payable otherwise than by deduction or withholding from payments of principal of (and premium, if any) and interest on such Debenture, except as specifically provided in the preceding sentence, or (b) any estate, inheritance, transfer or personal property tax, or any tax similar to any of the foregoing, or (c) any tax, assessment or other governmental charge imposed by any government other than the United States of America or the Virgin Islands or any political subdivision or taxing authority thereof or therein. (Section 5.03)

It is intended that the business of World Apparel (and, if and to the extent that the United States Internal Revenue Service takes it into account, the business of GENESCO World Apparel Corporation, the Delaware corporation that beneficially owns all of the shares of common stock of World Apparel) will be so conducted that holders who, as to the United States of America, are non-resident alien individuals, non-resident alien fiduciaries of foreign estates or trusts, foreign corporations or foreign partnerships, will not be subject to United States income or withholding taxes under existing law with respect to payments on the Debentures provided none of the conditions described in clauses (i) through (iii) of the preceding paragraph exists.

Interest Equalization Tax—The United States Internal Revenue Service has issued a ruling to the effect, that United States persons (as defined in the Interest Equalization Tax Act) will be required to report and pay interest equalization tax with respect to acquisition of the Debentures, except where a specific statutory exemption or exclusion is available.

Gain or Loss on Sale, Redemption or Conversion—The Company believes that, under present United States Federal tax laws and regulations, a holder who, as to the United States of America, is a non-resident alien individual, a non-resident alien fiduciary of a foreign estate or trust, a foreign corporation or a foreign partnership, would not be subject to United States Federal income tax on gains realized during that year on sale, redemption or conversion of Debentures, provided none of the conditions described in clauses (i) through (iii) of the second preceding paragraph exists. Where one or more of such conditions exists, any gain or loss realized on sales, redemption or conversion of the Debentures may be recognized for United States Federal income tax purposes under certain circumstances.

Estate and Death Taxes—The Company believes that, under current United States Federal estate tax laws and regulations, a Debenture or coupon held by a person who at the time of death is not a

citizen or resident of the United States of America would not be subject to United States Federal estate tax. The Company also believes that the Debentures and coupons would not be subject to the inheritance (death) tax of Tennessee, the State in which the Company is incorporated and its principal offices are located, if held by persons not resident in Tennessee at the time of death.

The Company did not regard it as necessary or advisable to request rulings from the United States Internal Revenue Service or the State of Tennessee with respect to gain or loss on sale, redemption or conversion or with respect to estate and death taxes.

Virgin Islands Taxation

Taxes on Principal, Premium or Interest—World Apparel will also pay as additional interest to the holder of any Debenture or of any coupon appertaining thereto who is, as to the Virgin Islands, a non-resident alien individual, a non-resident alien fiduciary of a foreign estate or trust, a foreign corporation, or a foreign partnership, such amounts as may be necessary in order that every net payment of the principal of (and premium, if any) and interest on such Debenture, after deduction or withholding for or on account of any present or future tax, assessment or other governmental charge imposed upon or as a result of such payment by the Virgin Islands or any political subdivision or taxing authority thereof or therein, will not be less than the amount provided for in such Debenture or in such coupon to be then due and payable; provided, however, that the foregoing shall not apply to any tax, assessment or other governmental charge which is required to be deducted or withheld or is imposed by reason of (i) such holder's engaging or having engaged in a trade or business, or such holder's being or having been physically present in the Virgin Islands, (ii) a present or former relationship between such holder (or a settlor or beneficiary of a fiduciary holder or a member of a partnership holder) and the Virgin Islands (including, without limitation, such person's status as a citizen or former citizen thereof or a resident therein), (iii) such holder's status as a foreign or domestic personal holding company with respect to the Virgin Islands, (iv) the presentation by the holder of such Debenture or of any coupon appertaining thereto for such payment on a date more than ten days after the date on which such payment becomes due and payable or the date on which payment thereof is duly provided, whichever occurs later, or (v) any combination of the foregoing; and provided, further, that the foregoing shall not apply to any portion of any such payment of principal (or premium, if any) or interest to a non-resident alien fiduciary or a non-resident foreign partnership, which portion is required by the laws of the Virgin Islands (or any political subdivision or taxing authority thereof or therein) to be included in the income for tax purposes of a settlor or beneficiary of such fiduciary or a member of such partnership who would not have been entitled to additional interest hereunder had he been the holder of such Debenture or coupon. World Apparel will also pay as additional interest to the person who has paid the tax any income tax imposed by the Virgin Islands or any subdivision or taxing authority thereof or therein on a holder on the sale or conversion (within or without the Virgin Islands) of a Debenture attributable to original issue discount, if any, as that term is used in Section 1232 of the Internal Revenue Code of 1954 of the Virgin Islands; provided, however, that this payment provision shall only apply where such holder would have been entitled to additional interest under this paragraph if the Debenture had been redeemed at the time of such sale or conversion. World Apparel shall not be required to make any payment with respect to or on account of (a) any tax, assessment or other governmental charge which is payable otherwise than by deduction or withholding from payments of principal of (and premium, if any) and interest on such Debenture, except as specifically provided in the preceding sentence, or (b) any estate, inheritance,

transfer or personal property tax, or any tax similar to any of the foregoing, or (c) any tax, assessment or other governmental charge imposed by any government other than the Virgin Islands or the United States of America, or any political subdivision or taxing authority thereof or therein. (Section 5.03)

It is intended that the business of World Apparel will be so conducted that holders who, as to the Virgin Islands, are non-resident alien individuals, non-resident alien fiduciaries of foreign estates or trusts, foreign corporations or foreign partnerships, will not be subject to Virgin Islands income or withholding taxes under existing law with respect to payments on the Debentures provided none of the conditions described in clauses (i) through (iii) of the preceding paragraph exists.

Gain or Loss on Sale, Redemption or Conversion—The Company believes that, under present Virgin Islands tax laws and regulations a holder who, as to the Virgin Islands, is a non-resident alien individual, a non-resident alien fiduciary of a foreign estate or trust, a foreign corporation or a foreign partnership, would not be subject to Virgin Islands income tax on gains realized during that year on sale, redemption or conversion of Debentures, provided none of the conditions described in clauses (i) through (iii) of the second preceding paragraph exists. Where one or more of such conditions exists, any gain or loss realized on sale, redemption or conversion of the Debentures may be recognized for Virgin Islands income tax purposes under certain circumstances.

Inheritance Taxes—The Company believes that, under current Virgin Islands inheritance tax laws and regulations, a Debenture or coupon held by a person who at the time of death is not a citizen or resident of the Virgin Islands would not be subject to Virgin Islands inheritance tax.

The Company did not regard it as necessary or advisable to request rulings from the Virgin Islands tax authorities with respect to gain or loss on sale, redemption or conversion or with respect to inheritance taxes.

Sinking Fund

The Debentures are subject to redemption through a sinking fund on March 1, 1978 and on each March 1 thereafter to and including March 1, 1987, on at least 30 days' notice, at the principal amount thereof together with accrued interest thereon. As a sinking fund for such redemption World Apparel will pay to the Trustee sums sufficient to redeem, on each of the above redemption dates, \$700,000 principal amount of Debentures. Subject to the last paragraph under the caption "Optional Redemption", World Apparel may, at its option, make an additional sinking fund payment on or before the due date of any required sinking fund payment in an amount which does not exceed the amount of the sinking fund payment required as of such date. World Apparel may reduce any mandatory sinking fund payment by delivering to the Trustee for credit against such sinking fund payment, at their principal amounts, Debentures previously converted or redeemed or otherwise acquired by World Apparel or the Company. (Sections 3.01 and 3.04)

Optional Redemption

The Debentures may be redeemed, in whole or in part, on at least 30 days' notice, at the option of World Apparel in principal amounts of not less than \$500,000 (except that if less than \$500,000 principal amount is outstanding all of the outstanding Debentures may be redeemed) at any time on or after March 1, 1973, at a redemption price equal to the principal amount plus the following premiums

(expressed in percentages of principal amount) together with accrued interest to the date fixed for redemption (*Form of Debenture and Sections 3.02 and 3.04*):

<u>If Redeemed During 12-Month Period Beginning March 1</u>	<u>Redemption Premium</u>	<u>If Redeemed During 12-Month Period Beginning March 1</u>	<u>Redemption Premium</u>
1973	5½%	1980	2 %
1974	5 %	1981	1½%
1975	4½%	1982	1¼%
1976	4 %	1983	1 %
1977	3½%	1984	¾%
1978	3 %	1985	½%
1979	2½%	1986	¼%

and thereafter without premium.

If, at any time, World Apparel or the Company becomes or will become obligated to pay additional interest as described herein under the headings "United States Taxation" or "Virgin Islands Taxation" as the result of any change in, any change in the official application of, or amendment to, laws of the United States of America or the Virgin Islands or any subdivision or taxing authority thereof or therein, or any change in, any change in the official application of, execution of, or amendment to, any treaty or treaties to which the United States of America or the Virgin Islands is a party, which change, change in the official application, execution or amendment becomes effective on or after February 27, 1968, then the Debentures may be redeemed during the periods set forth below, on at least 30 days' notice (but not before the day preceding the effective date of such change, change in the official application, execution or amendment), in whole at the option of World Apparel at a redemption price equal to their principal amount, together with accrued interest to the date fixed for redemption, plus a premium as follows:

<u>If Redeemed During 12-Month Period Beginning March 1</u>	<u>Redemption Premium</u>
1968	3 %
1969	3 %
1970	3 %
1971	2¾%
1972	2¾%

and thereafter a premium equal to one-half of the redemption premium that would be applicable if the Debentures were then redeemed at the option of World Apparel as provided in the preceding paragraph. (*Form of Debenture and Section 3.02*)

The Debentures may not be redeemed at the option of World Apparel unless both World Apparel and the Company shall have obtained all such authorizations and consents as may be necessary for payment of the called Debentures without violation of any law or regulation of the United States of

America and the Virgin Islands and without breach of or default under any agreement or instrument to which World Apparel or the Company is a party. (*Sections 3.01 and 3.02*)

Events of Default

The Indenture provides that the following constitute Events of Default: (i) default in the payment of principal of (or premium, if any) on any of the Debentures or in the payment of any sinking fund payment; (ii) default for a period of 30 days in the payment of interest on any of the Debentures; (iii) default in the performance or observance by World Apparel or the Company of any other of the covenants or agreements contained in the Indenture or in the Debentures for a period of 90 days after notice; (iv) default in the payment of principal, interest, premium or sinking fund or redemption payment resulting in acceleration of any indebtedness of the Company, which acceleration shall not be stayed, rescinded or annulled within 10 days after notice, provided that the resulting Event of Default under the Indenture will be cured or waived if such other default is cured or waived; and (v) certain events in bankruptcy or reorganization. (*Section 6.01*)

In case any Event of Default shall have occurred and be continuing, the Trustee or the holders (other than World Apparel or the Company) of not less than 25% in aggregate principal amount of the Debentures then outstanding (excluding any Debentures held by World Apparel or the Company) may declare the principal of all the Debentures to be due and payable immediately, but upon certain conditions such declarations may be annulled and past defaults may be waived by the holders of a majority in aggregate principal amount of the Debentures then outstanding. (*Sections 6.01 and 8.04*)

Modification of the Indenture

The Indenture contains provisions permitting World Apparel, the Company and the Trustee, with the consent of the holders (other than World Apparel or the Company) of not less than 66 $\frac{2}{3}$ % in aggregate principal amount of the Debentures at the time outstanding (excluding any Debentures held by World Apparel or the Company), to modify the Indenture or any supplemental indenture or the rights of the holders of the Debentures and coupons; provided that no such modification shall (i) extend the fixed maturity of any Debenture, or reduce the principal amount thereof, or reduce the rate or extend the time of payment of interest thereon, or reduce any premium payable upon the redemption thereof, or impair the right to convert the Debentures, without the consent of the holder of each Debenture so affected, (ii) reduce the aforesaid percentage of Debentures, the consent of the holders of which is required for any such modification, without the consent of the holders of all Debentures then outstanding, or (iii) modify or affect in any manner adverse to the holders of the Debentures the obligation of World Apparel and the Company, in respect of the due and punctual payment of the principal of (and premium, if any) and interest on the Debentures and of sinking fund payments, or in respect of conversion of the Debentures, without the consent of the holders of all Debentures then outstanding. (*Section 9.02*) The holders of at least 66 $\frac{2}{3}$ % in aggregate principal amount of the Debentures then outstanding may waive compliance with certain provisions of the Indenture. (*Section 4.06 and Article Nine*)

Stock Exchange Listings

The Debentures are listed on the New York and the Luxembourg Stock Exchanges.

STATEMENT OF EARNINGS (Note A)

The following statement of earnings of GENESCO Inc. and Consolidated Subsidiaries for the five years ended July 31, 1968, has been examined by Peat, Marwick, Mitchell & Co., independent certified public accountants, to the extent stated in their report appearing elsewhere in this Prospectus. This statement should be read in conjunction with the financial statements of GENESCO Inc. and Consolidated Subsidiaries and notes thereto and such accountants' report included elsewhere in this Prospectus. Numerical references to notes refer to notes to consolidated financial statements included elsewhere herein.

	Year Ended July 31, (000 omitted)				
	1964	1965	1966	1967	1968
Net sales	\$746,746	848,536	925,002	970,329	1,008,066
Cost of sales (Notes 2, 5, 11 and 13)	519,975	586,962	639,480	669,227	684,682
	<u>226,771</u>	<u>261,574</u>	<u>285,522</u>	<u>301,102</u>	<u>323,384</u>
Selling, administrative and general expenses (Notes 5, 11 and 13)	187,575	211,677	225,606	242,454	257,841
	<u>39,196</u>	<u>49,897</u>	<u>59,916</u>	<u>58,648</u>	<u>65,543</u>
Operating profit	925	1,386	1,788	1,352	1,234
	<u>40,121</u>	<u>51,283</u>	<u>61,704</u>	<u>60,000</u>	<u>66,777</u>
Interest charges:					
Long-term debt	2,902	3,844	3,828	3,475	5,570
Short-term loans, etc.	2,731	1,780	2,801	4,427	3,607
	<u>5,633</u>	<u>5,624</u>	<u>6,629</u>	<u>7,902</u>	<u>9,177</u>
Earnings before income taxes and minority interests	34,488	45,659	55,075	52,098	57,600
Income taxes (Note 7):					
Federal income taxes	13,643	16,668	21,641	18,353	22,581
Canadian income taxes	979	1,807	1,955	2,397	1,204
State income taxes	584	805	848	1,019	1,570
	<u>15,206</u>	<u>19,280</u>	<u>24,444</u>	<u>21,769</u>	<u>25,355</u>
Earnings before minority interests	19,282	26,379	30,631	30,329	32,245
Less minority interests	274	413	564	274	240
	<u>19,008</u>	<u>25,966</u>	<u>30,067</u>	<u>30,055</u>	<u>32,005</u>
Preferred stock dividends:					
GENESCO Inc.	3,057	2,897	2,735	2,552	2,285
Pooled companies (prior to pooling)	24	12	—	—	—
	<u>3,081</u>	<u>2,909</u>	<u>2,735</u>	<u>2,552</u>	<u>2,285</u>
Net earnings applicable to common stock	<u>\$ 15,927</u>	<u>23,057</u>	<u>27,332</u>	<u>27,503</u>	<u>29,720</u>
Per share of common stock:					
Historical:					
Net earnings (Note C)	\$1.80	2.59	2.95	2.80	3.14
Dividends paid	<u>\$1.07</u>	<u>1.13</u>	<u>1.20</u>	<u>1.40</u>	<u>1.50</u>
Assuming full conversion of all convertible shares and securities outstanding at the end of the year, exercise of all outstanding stock options and issuance of all contingently issuable shares:					
Net earnings (Note 14)					<u>\$2.78</u>

See notes on following page.

NOTES:

(A) The statement of earnings, with minor exceptions, combines the operations of GENESCO Inc. and subsidiaries. Pooled companies are combined for the entire period and companies whose stocks were acquired for cash are included from the date of acquisition (see note 1 of notes to consolidated financial statements). Where operations have not been combined (certain foreign subsidiaries and those engaged in unrelated operations, both wholly and 50% owned) the change in equity has been reflected in "Other income" commencing in 1965. These companies, heretofore carried at cost less a reserve, in the aggregate are not considered significant nor has the change in the carrying basis had any material effect on financial position or results of operations.

(B) Net sales and earnings as originally reported to stockholders in the annual reports for the periods shown below and the amounts shown above are reconciled as follows:

	000 omitted			
	Year ended July 31,			
	1964	1965	1966	1967
Net sales:				
Originally reported	\$589,211	705,210	759,619	872,119
Pooled companies reflected retroactively	<u>157,535</u>	<u>143,326</u>	<u>165,383</u>	<u>98,210</u>
As above	<u><u>746,746</u></u>	<u><u>848,536</u></u>	<u><u>925,002</u></u>	<u><u>970,329</u></u>
Net earnings:				
Originally reported	13,222	18,918	22,434	25,193
Pooled companies reflected retroactively	<u>5,786</u>	<u>7,048</u>	<u>7,633</u>	<u>4,862</u>
As above	<u><u>\$ 19,008</u></u>	<u><u>25,966</u></u>	<u><u>30,067</u></u>	<u><u>30,055</u></u>

(C) Net earnings per share are based on the average number of shares which would have been outstanding had the shares issued to the stockholders of the pooled companies been issued as of August 1, 1963.

BUSINESS

The principal business of the Company is the manufacture and distribution at wholesale and retail of men's and women's apparel, including footwear. The Company operates 196 manufacturing plants and warehouses, 153 of which are in the United States, and approximately 1,750 retail establishments. Of fiscal 1968 sales of \$1,008,066,000 approximately 26 per cent were accounted for by women's clothing, 19 per cent by men's clothing, 34 per cent by men's, women's and children's footwear, and five per cent by other products. In addition, the Company owns and operates the S. H. Kress chain of retail variety stores, which accounted for about 16 per cent of fiscal 1968 sales. Of comparable sales for fiscal 1967, 26 per cent were accounted for by women's clothing, 18 per cent by men's clothing, 33 per cent by footwear, five per cent by other products and 18 per cent by Kress. Sales in foreign countries, including Canada, approximated six percent in both 1968 and 1967. The principal executive offices of the Company are located at 111 Seventh Avenue, North, Nashville, Tennessee 37202.

Women's Apparel

Foundation Garments, Lingerie and Sleepwear. The Company manufactures and sells, mainly at wholesale, women's foundation garments, women's and children's high quality fashion lingerie, and popular priced women's and children's sleepwear. The principal trade name for foundation garments is *Formfit Rogers*; for lingerie *Formfit Rogers*, *Little Miss Rogers*, *Rutledge*, and *Lady No-Belt*; and for sleepwear *Greencraft* and *Serana*.

Sportswear, Casual Wear, Dresses, Swimwear and Rainwear. The Company designs, produces and sells, primarily to department stores and specialty shops, medium-priced sportswear for girls and women, dresses, medium and higher-priced blouses, women's and children's swimwear and rainwear for girls and junior sizes. Certain manufacturing processes are performed by contractors from specifications and raw materials furnished by the Company. Principal trade names include *Susan Thomas, Vivo, Majestic, Keltia, Girltown, College Teens, and Whistle Stop* for sportswear; *Adele Martin, STJ, Joan Doris, Rona, B-Tween and Petite Miss* for dresses; *Major, Lady Fame and Marjorette* for blouses; *Lee Beachwear, Robby Len and Cabana* for swimwear; and *New York Mackintosh and Miss Mack Jr.* for rainwear. In addition, the Company sells certain of these products under private labels.

Specialty Stores. Through its twelve *Bonwit Teller* stores, the Company sells misses' and women's wearing apparel and accessories at retail in the medium and higher price ranges. *Bonwit Teller* stores are located in the New York City area (4), Chicago area (2), Philadelphia area (3), Palm Beach, Boston and Cleveland. The Company operates three other women's specialty stores, *Henri Bendel* in New York and *Gidding-Jenny* in Cincinnati and Dayton.

Men's Apparel

Suits, Slacks, Shirts and Hosiery. The Company manufactures and sells directly to retailers men's ready-to-wear clothing and made-to-measure suits and slacks through its *Greif* division, ready-to-wear clothing through its *Phoenix* division and ready-to-wear slacks through its *Esquire* division. Dress shirts have been manufactured for a national retail chain for approximately 20 years, although there has been no long-term contract with such customer. Men's hosiery is manufactured for sale directly to retailers under the trade names of *Camp Hosiery, d'Orsay* and *Thane Hose*.

Workwear. Men's work clothing and men's and boys' western cut jeans are manufactured by the Company and sold, mainly under private label, to retail chains, mail-order houses, department stores, and the U. S. Government. Work uniforms are manufactured for sale to laundries, generally under the *J. M. Wood* brand label.

Underwear and Sleepwear. Men's and boys' woven and knit underwear and pajamas, principally in the medium-price range, are produced for sale mainly to men's specialty and department stores, retail chains and mail-order houses under the trade names of *Bodyguard, Regatta, Ainsbrooke* and *Gordon*.

Men's Stores. The Company operates 14 *Baron's Slack Bar* clothing stores, principally in southern Florida and eight *Roger Kent* clothing stores, six in the New York area and one each in Boston and Philadelphia. In addition, the Company operates 20 other men's furnishings and shoe stores, *Whitehouse & Hardy* in New York (3), Detroit, Fort Lauderdale, and Short Hills, *Frank Brothers-Fenn Feinstein* in New York, New Haven, Chicago, Fort Lauderdale, Palm Beach (2), and Miami Beach, *Mallernee's* in Nashville (2), and *Burkhardt's* in Cincinnati (5).

Roos/Atkins, a wholly-owned subsidiary of the Company, operates 38 retail apparel stores in 22 California cities, Reno and Honolulu. Roos/Atkins stores offer a complete line of men's and boys' apparel, including footwear, in a broad price range. In addition, the stores carry a varied but specialized line of apparel and shoes for women and girls.

Children's Apparel

The Company also manufactures and sells, primarily under private labels to chain stores and mail-order houses, popular priced infants', toddlers', children's and young girls' dresses. In addition, some dresses are sold under the trade names of *Mary Jane*, *Patricia Ann* and *Young Life Fashions*.

Footwear

The Company manufactures and sells in all major price categories a wide variety of types and patterns of men's, boys', women's and children's shoes, including work shoes and boots for men and boys. Of the sales of shoes during fiscal 1968, approximately 40 per cent were men's and boys', 54 per cent women's and six per cent children's. During fiscal 1968, approximately 71 per cent of shoes sold were to independent shoe merchants, mail order houses and chain stores, some for resale under their private labels, and the remainder were sold through more than 1,200 retail shoe stores and leased departments operated by the Company throughout the United States and Canada. Approximately 27 per cent of shoes sold by the Company were purchased from other domestic and foreign manufacturers.

In the United States, the principal trade names of the Company's men's shoes are *Jarman*, *Johnston & Murphy*, *Douglas*, *Fortune*, *Frank Brothers*, *Flagg*, *Hardy*, *Statler* and *Cedar Crest*, and, in Canada, *Agnew-Surpass*, *Ritchie*, *Reward*, *Winterproof* and *Leisure Tread*. The major brand names of women's shoes include *I. Miller*, *Mademoiselle*, *Millerkins*, *Holidays*, *Kay King*, *Valentine*, *Mannequin*, *Datebook*, *Vogue*, *Christian Dior*, *Laird Schober*, *Ingenuie* and *Cover Girl*, and, in Canada, *Winterproof* and *Leisure Tread*. Boys' and children's shoes are sold in the United States principally under the trade names of *Acrobat*, *Party-Goers*, *Storybook*, *Playmates* and *Number 26*, and, in Canada, *Classmate Shoes*.

Spinning and Knitting

The Company manufactures carded and combed cotton yarns, blended cotton and wool yarns and synthetic yarns. These yarns are supplied to knitting and weaving manufacturers and are also used by the Company in the production of single and double knit plain and fancy fabrics and warpknits, which are in turn used by the Company in the production of certain of its products and sold to other manufacturers.

Kress

The Kress chain of 393 variety stores is operated in 31 states under the names of *Kress* (299), *Elmore* (93) and *Dart* (1). Most of the stores are located in western and southern states although in recent years Kress has opened or acquired 14 stores in the New York metropolitan area. States having a large number of Kress stores are Alabama (83), California (43), Texas (43), Georgia (24), and Oklahoma (17). Since 1963, 70 stores have been opened and 24 closed.

Approximately 37 per cent of Kress sales are variety merchandise, 28 per cent wearing apparel, 26 per cent home furnishings and nine per cent from store restaurants. Of the total of 393 Kress stores, 313 are located in downtown areas and 80 in suburban shopping centers where most store openings in recent years have occurred. Kress stores, mostly leased, average approximately 12,500 square feet, the largest being approximately 54,000 and the smallest 3,000.

European Operations

The Company has an interest in various shoe and apparel manufacturing and retail operations in Europe and has employed in the United States knowledge of fashion trends derived from its European operations. It is the present intention of the Company to expand its European operations both through internal growth and by means of acquisitions.

The Company manufactures medium priced high fashion women's shoes in Belgium which are distributed throughout Europe and the United States and the Company distributes throughout the world low and medium priced men's and women's shoes made in Italy and Spain. The Company also has an interest in retail outlets for high quality women's shoes in England and for medium priced women's shoes in France.

The Company manufactures foundation wear in France which is distributed throughout Western Europe. Medium to high priced men's and boys' suits and overcoats are manufactured in Italy and distributed in Italy and to a small extent throughout the rest of Western Europe. The Company has acquired GENESCO-Europa, a Swiss holding company, whose various subsidiaries manufacture and distribute women's foundation garments, lingerie, sleepwear, swim suits, men's and women's shirts, children's wear, and sportswear throughout Western Europe.

Research and Development

The Company's research is largely conducted in two areas: development of products ("Product Development") and the processes by which such products are manufactured ("Process Development"). Product Development is directly connected with the quality, appearance and market acceptance of finished goods. It includes market research, trend analysis, fashion interpretation, design and materials testing. Product Development is the responsibility of each manufacturing and distribution operation in its particular sphere of activity. Process Development is a program for improving the efficiency of manufacturing and distribution functions. It is directed towards reduction in manufacturing costs, increased speed of handling, improvement in quality and reduction of waste. Process Development is undertaken by each manufacturing operation with coordination by a central group.

Expenditures by the Company for research and development for fiscal 1968 and 1967 were approximately \$5.1 million and \$4.1 million, respectively. Approximately 90 employees are engaged full time in research activities, of whom about one-third have advanced or special training in their field. Whenever practical the Company obtains patents on new products and processes and licenses their use by other manufacturers on a royalty basis. No one patent or group of patents is considered significant in the Company's operation taken as a whole.

Employee Relations

The average number of employees of the Company during fiscal 1968 ranged from 67,000 to 70,000, depending on seasonal requirements. The Company considers its employee relations to be generally satisfactory.

Recent Developments

During the five years ended July 31, 1968, the Company acquired various manufacturing and retailing concerns for an aggregate of 2,913,888 shares of its Common Stock, 114,905 shares of its \$4.25 Subordinated Cumulative Convertible Preference Stock, Series A, 132,000 shares of its \$6.00 Subordinated Cumulative Convertible Preference Stock, Series B, 111,375 shares of \$6.00 Subordinated Cumula-

tive Convertible Preference Stock, Series C, 104,916 shares of Subordinated Serial Preferred Stock, Series 1, 175,709 shares of Subordinated Serial Preferred Stock, Series 2 and \$70,756,883 in cash. The number of shares issued in acquisitions are to be increased in certain instances depending upon the future earnings of the acquired companies. The principal companies acquired during the period were: Phoenix, Inc. and related companies, Majestic Specialties, Inc., Roos/Atkins, Berkshire Apparel Corporation and Susan Thomas Incorporated, all of which were acquired for stock. In addition J. A. Johnston Company, Limited and 95.2% of the outstanding stock of S. H. Kress and Company were acquired for cash. The operations of these principal companies contributed approximately \$328,278,000 to the sales of the Company during fiscal 1968.

On October 31, 1968 the Company acquired, on a pooling of interests basis, all of the outstanding stock of Lebanon Knitting Mills, Inc. and its affiliated corporations engaged in the manufacture of wool and polyester fabrics. The Company issued at the closing 100,000 shares of Subordinated Serial Preferred Stock, Series 2 and 75,000 shares of a new Subordinated Serial Preferred Stock, Series 3. The Company will issue a maximum of 30,875 additional shares of Subordinated Serial Preferred Stock, Series 3 depending upon the aggregate after-tax net profits of Lebanon during the three-year period ending December 31, 1970. At June 30, 1968 Lebanon had total assets of \$15,765,000 and stockholders' equity at \$7,078,000. Net sales and net earnings for the year ended June 30, 1968 were \$19,457,000 and \$784,000, respectively.

COMMON STOCK OF GENESCO

Voting Rights; Non-Cumulative Voting

The holders of Common Stock, Subordinated Serial Preferred Stock, Series 1 and 2, Subordinated Cumulative Preferred Stock and Employees' Subordinated Convertible Preferred Stock are each entitled to one vote per share. The holders of \$4.25 Subordinated Cumulative Convertible Preference Stock, Series A are each entitled to three votes per share; the holders of \$6.00 Subordinated Cumulative Convertible Preference Stock, Series B and Series C and Subordinated Serial Preferred Stock, Series 3 are each entitled to two votes per share. Such shares do not have cumulative voting rights; therefore, it is possible for stockholders casting more than 50% of the votes in an election of directors to elect all of the directors. The holders of \$4.50 Cumulative Convertible Preferred Stock have no general voting rights but have special voting rights in certain circumstances.

Dividend and Liquidation Rights

After dividends have been paid, or declared and set apart for payment, upon the Company's Preferred and Preference Stocks then outstanding for all prior and the then current dividend periods and after setting aside all purchase funds or sinking funds required to be set aside with respect to the Preferred and Preference Stocks, dividends may be declared and paid upon the Common Stock.

Provisions of the Company's long-term promissory notes payable restrict, under various conditions, the payment of dividends (other than dividends payable solely in stock of the Company) or the acquisition or redemption of shares of the Company's capital stock. The amount of retained earnings free, under the most restrictive provisions, amounted to approximately \$74,000,000 at July 31, 1968.

Upon any distribution of assets, after payment of all liabilities and payment to the holders of the Preferred and Preference Stocks of the amounts to which they are entitled, shares of Common Stock will be entitled to participate pro rata in the distribution of the remaining assets of the Company.

Miscellaneous

No holder of shares of any class of stock of the Company is entitled as a matter of right to subscribe for or to purchase any shares of stock or any security convertible into or exchangeable for shares of stock of any class of the Company.

The presently issued and outstanding shares of Common Stock are, and the shares to be issued hereunder will be, fully paid and nonassessable by the Company. Section 710 of Title 48 of the Tennessee Code provides that stockholders are individually liable for moneys due certain employees of the Company in the event of corporate insolvency.

Reports to Stockholders

The Company follows the practice of furnishing its stockholders with Annual Reports containing certified financial statements and with unaudited reports of its quarterly earnings.

Stock Exchange Listings

The Company's Common Stock is listed on the New York and Midwest Stock Exchanges. The Company has applied for the listing of its Common Stock on the Toronto Stock Exchange and intends to apply for the listing of such stock on the Luxembourg Stock Exchange.

Transfer Agents and Registrars

The transfer agents and registrars for the Company's Common Stock are as follows:

<u>City</u>	<u>Transfer Agent</u>	<u>Registrar</u>
New York	Morgan Guaranty Trust Company	Chemical Bank New York Trust Company
Nashville	First American National Bank of Nashville	Third National Bank in Nashville

LEGAL PROCEEDINGS

In July 1961, a private treble damage action was filed by the assignee of Hussco Shoe Company and others against GENESCO in the United States District Court for the Southern District of New York claiming violation of the antitrust laws. It was alleged that GENESCO conspired with certain parties bringing about destruction of plaintiffs' businesses which allegedly were worth \$11,000,000. The allegations as to the worth of the plaintiffs' companies and as to the unlawful activities of GENESCO are regarded by GENESCO to be completely unfounded and it is defending itself accordingly. No date has been set for trial.

On April 28, 1964, a stockholder of S. H. Kress & Company, approximately 95% of the outstanding stock of which is owned by GENESCO, instituted an action in the Supreme Court of New York County, New York, against, among others, GENESCO, Kress and directors of Kress. On July 7, 1964, another stockholder of Kress instituted a similar action in the Supreme Court of Kings County, New York, New York, against GENESCO, Kress and directors of Kress. Four of the directors of Kress were also directors of GENESCO. The complaints in these actions, as amended, allege that Kress was damaged as a result of the sale and leaseback of certain of its properties and seek accountings and/or reformation or rescission of the transactions. GENESCO has denied the substantive allegations of the complaints and raised certain affirmative defenses. In the event that the settlement

of the Mutual Shares litigation, described below, is approved by the Court, GENESCO intends to file motions to dismiss the complaints in these actions.

It is impossible, of course, to predict the outcome of litigation; however, it is believed, in each of the above proceedings, by GENESCO and by Messrs. Donovan Leisure Newton & Irvine, the attorneys representing it, that such claims are without merit.

On August 10, 1966, an action was instituted in the United States District Court for the Southern District of New York by Mutual Shares Corporation, Spingarn Heine & Co. and Norte & Co. against GENESCO and its Chairman. Plaintiffs alleged, among other things, that they were shareholders of Kress, and that at various times since 1963 defendants caused Kress to enter into sale and leaseback transactions and investments of Kress' funds that were detrimental to Kress. Plaintiffs were denied a preliminary injunction and their complaint was dismissed by the United States District Court. On appeal the United States Court of Appeals refused to review the denial of the preliminary injunction, sustained the dismissal of the purported claim for damage under the federal law and remanded the case for further consideration of the balance of the issues presented.

After remand, plaintiffs amended their complaint to add, as additional defendants, Kress, certain directors of Kress and two wholly owned subsidiaries of the GENESCO Pension Fund. On June 24, 1968 the United States District Court determined that the action could be maintained as a class action on behalf of all Kress minority shareholders. Thereafter, GENESCO and the other defendants entered into an agreement with plaintiffs, subject to the court's approval, providing for settlement of the litigation. The settlement provides, that GENESCO will exchange one share of its Series C Subordinated Cumulative Convertible Preference Stock for each two and six-sevenths (2 and $\frac{6}{7}$ ths) shares of Kress stock tendered to the Company within 90 days after the judgment approving the settlement becomes final. On September 4, 1968 the District Court ordered that the Kress minority shareholders of record on September 3, 1968, be notified of the proposed settlement and of the fact that the court would hold a hearing, on October 18, 1968 at which interested persons could be heard to determine the fairness of the settlement. The court also directed that all minority shareholders would be bound by the settlement unless they had previously duly excluded themselves from the class action. The court-approved notices were mailed to all Kress stockholders, other than GENESCO, on September 16, 1968. The hearing was held on October 18, 1968 and decision was reserved.

LEGAL OPINIONS

Legal matters in connection with the shares of Common Stock covered by this Prospectus will be passed upon for the Company by Waller Lansden Dortch & Davis, American Trust Building, Nashville, Tennessee 37201.

EXPERTS

The financial statements included in the Prospectus and Registration Statement have been examined by Peat, Marwick, Mitchell & Co., independent certified public accountants, whose report thereon is based in part on the reports of other independent public accountants. All such financial statements are included in this Prospectus and Registration Statement in reliance upon the reports of said accountants and upon their authority as experts.

The statements under "Legal Proceedings" have been reviewed by Donovan Leisure Newton & Irvine, Two Wall Street, New York, N. Y. 10005, and are made in reliance on their authority as experts.

GENESCO Inc.

B. H. WILLINGHAM

President

INDEX TO FINANCIAL STATEMENTS

	<u>Page</u>
GENESCO Inc. and Consolidated Subsidiaries:	
Accountants' Report	20
Balance Sheet—July 31, 1968	22
Statement of Earnings—five years ended July 31, 1968	11
Statement of Earnings Retained in Business—five years ended July 31, 1968	23
Statement of Additional Paid-in Capital—three years ended July 31, 1968	24
Notes to Consolidated Financial Statements	25

ACCOUNTANTS' REPORT

The Board of Directors
GENESCO Inc.:

We have examined the financial statements of GENESCO Inc. and consolidated subsidiaries as listed in the accompanying index. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

The financial statements of certain subsidiaries have been examined by other independent public accountants for the periods indicated in the addendum hereto.

In our opinion, based upon our examination and the reports of such other independent public accountants, such financial statements present fairly the financial position of GENESCO Inc. and consolidated subsidiaries at July 31, 1968 and the results of their operations for the five years then ended, in conformity with generally accepted accounting principles applied on a consistent basis.

PEAT, MARWICK, MITCHELL & CO.

Nashville, Tennessee
September 9, 1968

The reports of other independent public accountants referred to above are included in the Registration Statement, but omitted from this Prospectus.

ADDENDUM TO ACCOUNTANTS' REPORT

The financial statements of the following companies, which are included in the financial statements of GENESCO Inc. and consolidated subsidiaries for the five years ended July 31, 1968, have been examined for the periods indicated by other independent public accountants.

Majestic Specialties, Inc. and subsidiaries—year ended June 30, 1964.
(Clarence Rainess & Co.)

Major Blouse Co., Inc.—year ended June 30, 1964.
(Jacques M. Levy & Co.)

Roos/Atkins—two years ended January 31, 1965 and year ended July 31, 1966.
(Arthur Young & Company)

Greensboro Manufacturing Co., Inc. and affiliates—three years ended October 28, 1966.
(Isidore Feldman and Company)

Girltown, Inc. and subsidiaries—three years ended June 30, 1966.
(Touche, Ross, Bailey & Smart)

Camp and McInnes, Inc. and affiliates—three years ended December 31, 1966.
(Ernst & Ernst)

Swift Spinning Mills, Inc.—four years ended December 31, 1967.
(West, Favors, Hempstead & Bundrick)

Rona Dresses, Inc. and affiliated companies—four months ended December 31, 1967.
(S. D. Leidesdorf & Co.)

Susan Thomas Incorporated—four years ended December 31, 1967.
(Simonoff, Peyser & Citrin)

The Burkhardt Bros. Company—five years ended February 29, 1968.
(Arthur Young & Company)

Baron's Lincoln Road, Inc. and affiliated companies—year ended May 31, 1968.
(David Stuzin & Company)

Packers Hide Company and affiliated companies—year ended July 31, 1968.
(Lingle, Pigg, Kraemer and Kirby)

Elliott Hide Co. and related companies—year ended July 31, 1968.
(Murphy, Lanier & Quinn)

GENESCO Inc. AND CONSOLIDATED SUBSIDIARIES

BALANCE SHEET

July 31, 1968

ASSETS

Current assets:		
Cash		\$ 35,730,892
Time deposit		25,000,000
Receivables:		
Trade	\$ 95,181,002	
Miscellaneous	4,626,581	
	<hr/>	
Less allowance for doubtful receivables and discounts	99,807,583	93,838,793
	<hr/>	
Inventories (note 2)	202,941,986	
Prepaid expenses	3,055,818	
	<hr/>	
Total current assets	360,567,489	
Investments in and advances to nonconsolidated subsidiaries and 50% owned companies (note 3):		
Capital stocks, at equity value	3,607,614	
Advances	2,033,873	5,641,487
	<hr/>	
Other investments, at cost	1,398,421	
Officers' and employees' stock purchase accounts, secured (note 4)	1,541,984	
Plant, equipment, and leasehold improvements, at cost (note 5)	154,705,651	
Less accumulated depreciation and amortization	83,694,593	71,011,058
	<hr/>	
Patents and trademarks	1	
Deferred charges, less amortization (note 6)	5,398,952	
	<hr/>	
	\$445,559,392	

LIABILITIES AND STOCKHOLDERS' EQUITY

Current liabilities:		
Current portion of long-term debt (note 8)		\$ 1,989,292
Accounts payable		19,915,677
Due to officers and employees, including savings plan withholdings		6,942,420
Withholdings for taxing authorities		2,758,197
Accrued expenses:		
Salaries, wages and commissions	\$ 8,499,310	
Taxes (other than income taxes)	4,014,623	
Interest	386,849	
Miscellaneous	5,149,660	18,050,442
	<hr/>	
Federal, state and Canadian income taxes (note 7)		9,298,000
	<hr/>	
Total current liabilities	58,954,028	
Deferred Federal and Canadian income taxes (note 7)	6,901,000	
Long-term debt (note 8)	106,545,563	
Minority interests:		
Capital stock	1,180,952	
Additional paid-in capital	1,220,668	
Earnings retained in business	3,778,172	6,179,792
	<hr/>	
Deferred credits to income (note 9)	19,749,311	
Stockholders' equity (notes 1 and 10)	247,229,698	
Contingent and contractual liabilities (notes 12 and 15)		
	<hr/>	
	\$445,559,392	

See accompanying notes to consolidated financial statements.

GENESCO Inc. AND CONSOLIDATED SUBSIDIARIES

STATEMENT OF EARNINGS RETAINED IN BUSINESS

	Year Ended July 31,				
	<u>1964</u>	<u>1965</u>	<u>1966</u>	<u>1967</u>	<u>1968</u>
Balance at beginning of period:					
GENESCO Inc. and consolidated subsidiaries	\$44,128,784				
Companies accounted for as pooling of interests	17,510,025				
	<u>61,638,809</u>	<u>71,367,260</u>	<u>85,849,228</u>	<u>103,828,629</u>	<u>119,227,800</u>
Adjustments:					
To conform to fiscal periods of pooled companies with GENESCO Inc. or additional shares issued to minority interests	—	220,234	(865,004)	—	—
Treasury shares of pooled companies purchased and retired prior to poolings ...	—	(820,000)	—	—	—
Transferred to common stock upon recapitalization of pooled companies prior to poolings	—	(732,042)	—	—	—
	<u>61,638,809</u>	<u>70,035,452</u>	<u>84,984,224</u>	<u>103,828,629</u>	<u>119,227,800</u>
Net earnings	19,007,696	25,965,516	30,066,767	30,055,388	32,005,300
	<u>80,646,505</u>	<u>96,000,968</u>	<u>115,050,991</u>	<u>133,884,017</u>	<u>151,233,100</u>
Deductions:					
Dividends paid by GENESCO Inc.:					
Cumulative preference stock:					
Series D—\$5.00 per share per annum..	90,982	—	—	—	—
Cumulative convertible preferred stock—\$4.50 per share per annum	1,244,836	1,176,143	964,823	801,951	504,248
Subordinated cumulative convertible preference stock:					
Series A—\$4.25 per share per annum..	—	—	—	48,834	46,610
Series B—\$6.00 per share per annum..	—	—	—	246,643	789,342
Series C—\$6.00 per share per annum..	—	—	—	—	537,614
Common stock—\$1.07 per share in 1964; \$1.13 per share in 1965; \$1.20 per share in 1966; \$1.40 per share in 1967 and \$1.50 per share in 1968	6,481,202	7,804,066	9,107,570	11,812,782	12,679,256
	<u>7,817,020</u>	<u>8,980,209</u>	<u>10,072,393</u>	<u>12,910,210</u>	<u>14,557,070</u>
Dividends paid by pooled companies prior to pooling:					
Cash	1,462,225	1,171,531	1,149,969	1,204,574	661,232
Stock	—	—	—	541,433	—
	<u>1,462,225</u>	<u>1,171,531</u>	<u>1,149,969</u>	<u>1,746,007</u>	<u>661,232</u>
	<u>9,279,245</u>	<u>10,151,740</u>	<u>11,222,362</u>	<u>14,656,217</u>	<u>15,218,302</u>
Balance at end of period	<u>\$71,367,260</u>	<u>85,849,228</u>	<u>103,828,629</u>	<u>119,227,800</u>	<u>136,014,798</u>

See accompanying notes to consolidated financial statements.

GENESCO Inc. AND CONSOLIDATED SUBSIDIARIES

STATEMENT OF ADDITIONAL PAID-IN CAPITAL

	Year Ended July 31,		
	1966	1967	1968
Balance at beginning of period:			
GENESCO Inc. and consolidated subsidiaries	\$51,130,445		
Capital of pooled companies over the par value of GENESCO Inc. stock issued in exchange	4,456,421		
	55,586,866	65,139,462	72,575,147
Stated value of preferred stock or principal amount of notes converted in excess of the par value of common shares issued in exchange	9,370,208	4,196,806	11,247,536
Amount realized over par or stated value of common and preferred stock sold under employee stock option and purchase plans	2,816,259	3,238,879	14,007,381
	12,186,467	7,435,685	25,254,917
	67,773,333	72,575,147	97,830,064
Less par value of common shares issued in three-for-two stock split-up ..	2,633,871	—	—
Balance at end of period	\$65,139,462	72,575,147	97,830,064

See accompanying notes to consolidated financial statements.

GENESCO Inc. AND CONSOLIDATED SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(1) Principles of consolidation:

The consolidated financial statements include the parent company and all subsidiaries with the exception of two domestic subsidiaries which are engaged in unrelated activities and nine foreign subsidiaries. Nonconsolidated subsidiaries and 50% owned companies, considered as a whole, do not constitute a significant subsidiary.

With the exception of one company acquired in 1967 for which no audited financial statements are available and which is not material to the consolidated totals, the accounts of the pooled companies have been included in the consolidated financial statements for the fiscal year of GENESCO Inc. for 1967 and 1968 and, for the periods prior to then, on the basis of the fiscal years of the pooled companies nearest to the fiscal year of GENESCO Inc. Companies acquired for cash or formed during the period are included in the consolidated financial statements from the date of acquisition or of formation.

The accompanying financial statements reflect a common stock split-up of three-for-two on September 12, 1966.

The accounts of the Canadian companies have been converted at the official rate of exchange.

In consolidation intercompany profits in inventories, less applicable income taxes thereon, have been eliminated from consolidated retained earnings. Other intercompany accounts, transactions, and profits have also been eliminated in consolidation.

The Company's equity in the net tangible assets of consolidated subsidiaries as reflected by the books of the subsidiaries, apart from the intercompany inventory transactions mentioned above, exceeds its investment in such consolidated subsidiaries by \$84,238,419 at July 31, 1968. Such excess is represented by (1) undistributed profits since acquisition of \$56,846,440 which are included in consolidated earnings retained in the business, and (2) tangible equity acquired in excess of cost of investments, \$27,391,979, which is reflected in the accounts as follows:

Allocated:

Allowance for doubtful accounts	\$ 200,000
Increase in reserve for depreciation and amortization of buildings, fixtures and equipment and leasehold improvements	18,235,431
Increase in buildings, fixtures and equipment	(1,077,668)
<hr/>	
Unallocated:	
Deferred (note 9)	\$4,264,665
Amortization credited to consolidated earnings	5,769,551
	<hr/>
	10,034,216
	<hr/>
	\$27,391,979

(2) Inventories:

Inventories are based upon book inventories adjusted to reflect physical inventories which, for the year ended July 31, 1968, were taken as of that date or during the preceding four months. They are valued generally at the lower of approximate average cost or replacement market with provision for discontinued styles.

Inventories used in the calculation of cost of sales for the three years ended July 31, 1968 were \$160,480,037 at July 31, 1965; \$172,339,560 at July 31, 1966; \$186,015,305 at July 31, 1967; and \$202,941,986 at July 31, 1968.

The composition of the July 31, 1968 inventory was as follows:

Finished products	\$145,558,240
Work in process	22,030,544
Raw materials	35,353,202
	<hr/>
	\$202,941,986

GENESCO Inc. AND CONSOLIDATED SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

(3) Investments in nonconsolidated subsidiaries and 50% owned companies:

The investments in nonconsolidated subsidiaries and 50% owned companies are carried at equity value based, for the most part, on unaudited statements (see Note A of notes to the statement of earnings). The Company's equity in the net earnings (losses) of these companies amounted to \$451,952 in 1966, \$270,994 in 1967 and (\$163,812) in 1968. Dividends received from such companies amounted to \$18,300 in 1966, \$54,670 in 1967 and \$500 in 1968. The Company's equity in the net earnings (losses) and dividends received therefrom have been charged or credited to the investment account. The excess of the adjusted cost over net equity of these companies, mostly represented by goodwill, is being amortized over a ten-year period (see note 9).

(4) Employee stock plans:

Under the Company's employee stock purchase and special stock purchase plans employees purchased common stock on the installment basis at the prevailing market price. Such shares were purchased on the open market.

Effective November 1, 1967, the Company put into effect two new employee incentive plans designed to replace the above plans. 5,000,000 shares of employees' subordinated convertible preferred stock, which is convertible into either common stock or subordinated cumulative preferred stock, may be subscribed for by eligible employees at prices equivalent to the then current market value of the Company's common stock. Payment for the shares is made to the trustee of the plans by the Company, for the benefit of participating employees, in the form of additional compensation and, in some instances, partial payment is also made by employees through regular payroll deductions.

At July 31, 1968, the trustee under these plans had a receivable from employees of \$36,541,984 representing the balance due on the various stock purchase plans. Such amounts are secured by 255,360 shares of the Company's common stock and 1,193,798 shares of the Company's employees' subordinated convertible preferred stock, both of which are subject to prior claims of lending agencies in the amount of \$35,000,000.

During the year ended July 31, 1968, the Company advanced to the trustee, without interest, \$2,711,763 for the purchase of stock and \$27,000,000 for the repayment of loans to lending agencies, of which \$1,541,984 was owed to the Company by the trustee at July 31, 1968.

Under the savings fund-employee stock purchase plan the Company has reserved 772,783 shares of its unissued common stock, of which 289,908 shares are currently being offered to employees. Of the shares offered 128,543 are issuable at 85% of the average market price per share on the last business day of August 1968, but not more than \$25.85 per share nor less than \$18.67 per share and 161,365 shares are issuable at 85% of the average market price per share on the last business day of August 1969, but not more than \$25.07 per share nor less than \$21.25 per share. While it is contemplated that newly issued stock will be used under the plans, the Company has reserved the right to use outstanding shares purchased in the market if the Board of Directors so determines prior to completion of payments under the plans. During the three years ended July 31, 1968 shares were issued under this plan as follows:

	Shares	Issuing price		Market value at date of Issue	
		Per share	Aggregate	Per share	Aggregate
Year ended July 31, 1966	96,551	\$21.83– 31.33	\$2,123,299	\$30.43– 38.36	\$3,349,271
Year ended July 31, 1967	182,510	21.25– 26.78	4,055,295	28.84– 31.02	5,088,497
Year ended July 31, 1968	88,377	25.07– 29.54	2,378,445	31.33– 43.97	2,992,397

The Company has also adopted a restricted stock option plan under which 187,500 shares of common stock were reserved for issuance to employees at not less than 85% of the quoted market value at date of grant. However, the Company reserves the right to substitute outstanding shares purchased in the open market at any time and from time to time as the Board of Directors may determine. The plan provides, generally, for stock purchases to be made quarterly by the Company from funds accumulated through monthly payroll deductions, such deductions to be made over a period of one hundred months. Options are to terminate following the employee's last monthly payment. No further options will

GENESCO Inc. AND CONSOLIDATED SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

be granted under this plan. Options granted, exercised, and outstanding (granted but not exercised at July 31, 1968) under this plan are summarized as follows:

	Granted	*Shares	Option Price		Market value at date of grant or issue	
			Per share	Aggregate	Per share	Aggregate
<u>Year ended October 31:</u>						
1958	77,598		\$12.89½	\$1,000,497	\$15.17	\$1,177,162
1960	42,936		18.70	802,903	22.00	944,592
<u>Exercised</u>						
Prior to August 1, 1967	77,598		12.89½	1,000,497	38.67-17.67	1,966,655
	36,854		18.70	689,170	38.67-17.67	1,010,449
Year ended July 31, 1968	4,465		18.70	83,495	34.88-44.25	177,586
<u>Outstanding</u>						
July 31, 1968	1,617		18.70	30,238	22.00	35,574

* After deducting shares cancelled subsequent to date of grant.

Upon issuance, the Company credits the capital stock account with the par value of the shares and the remainder of the proceeds is credited to additional paid-in capital. No charges to income are made in respect to the shares issued pursuant to the Savings Fund-Employee Stock Purchase Plan and the Restricted Executive Stock Option Plan.

(5) Plant, equipment, and leasehold improvements:

Plant, equipment, and leasehold improvements classifications at July 31, 1968 are as follows:

Land	\$ 2,136,607
Buildings and building equipment	13,105,913
Machinery and equipment	38,808,921
Furniture and fixtures	55,475,729
Construction in progress	1,577,943
Improvements to leased properties	43,600,538
	<u>\$154,705,651</u>

The policy of the Company relating to depreciation and amortization, maintenance and repairs, renewals and betterments, and retirements of fixed assets is described as follows:

(a) Depreciation is provided generally on the straight-line method based on the estimated life of each class of assets. However, in regard to certain assets of various branches and subsidiaries, depreciation is computed on the declining balance and sum-of-the-years-digits methods. Annual depreciation rates are as follows:

Buildings	2 to 5%
Building equipment	4 to 10%
Machinery, equipment, furniture and fixtures	6½ to 33½%
Shoe racks	10 to 20%

Expenditures for lasts, dies, and patterns are generally charged to manufacturing expense during the year incurred, except that abnormal expenditures incurred in connection with major changes in product style are capitalized and amortized over three-year periods.

GENESCO Inc. AND CONSOLIDATED SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

Amortization of improvements to leased property, principally of retail stores, is generally based on the periods of the various leases computed on a straight-line basis.

- (b) Maintenance and repairs, renewals and betterments, including supplies for renewal or replacement of part of a unit, are charged to expense as incurred. Renewals and replacements of complete units are capitalized.
- (c) The cost of fixed assets retired or otherwise disposed of and the accumulated depreciation is eliminated from the related accounts and the resulting gain or loss is reflected in income. See note 9 with respect to sales and leasebacks of properties, and note 1 with respect to the allocation of portions of tangible equity acquired in excess of investment arising from the acquisition of subsidiary companies. Fully depreciated assets are deducted from the related asset and accumulated depreciation accounts.

(6) Deferred charges, less amortization:

Deferred charges, \$5,398,952, consist primarily of data processing systems cost, rent, and deferred plant start-up expenses which are generally being amortized over the next three to five years.

(7) Taxes on Income:

Certain income and expense items are recognized for tax purposes in years other than the years in which they are reported in the financial statements. These items include depreciation, profits on installment sales, expenditures for tools and dies and deductions related to accounts receivable. The Federal income tax expense includes the tax effects of these timing differences which in 1968 resulted in a credit to the tax expense of approximately \$227,000. In addition, the Federal income tax expense for 1968 has been reduced by an investment credit of \$966,000.

The Company's Federal income tax returns for the years 1964, 1965 and 1966 are presently under examination by the Internal Revenue Service. On the basis of information now available, no significant additional tax liabilities are anticipated.

(8) Long-term Debt:

The long-term debt at July 31, 1968, including amounts due currently, is as follows:

	Payable	
	<u>Within one year</u>	<u>After one year</u>
GENESCO Inc.:		
4.75% convertible subordinated notes dated July 31, 1962, due July 31, 1982 with annual payments beginning July 31, 1973; convertible into common stock at not more than \$25.67 per share (see note 10)	\$ —	1,000,000
5.00% notes dated July 23, 1964, payable \$2,000,000 annually beginning August 1, 1970 with final payment on August 1, 1984 equal to unpaid balance	—	40,000,000
5.25% notes payable dated February 24, 1961 and March 15, 1961, payable \$938,000 annually on February 15 with final payment on February 15, 1981 equal to unpaid balance	938,000	15,310,000
Notes payable to banks dated July 31, 1967 and January 2, 1968, due August 1, 1970 (\$20,000,000) and January 4, 1971 (\$20,000,000). Interest payable at prime rate in first year and at prime rate plus .25% in the last two years	—	40,000,000
Subsidiaries:		
Notes payable incurred by subsidiaries prior to acquisition due in varying amounts to 1985 at various interest rates, the major portion of which are from 4½% to 6% (guaranteed by GENESCO Inc.)	1,051,292	10,235,563
	<u>\$ 1,989,292</u>	<u>106,545,563</u>

GENESCO Inc. AND CONSOLIDATED SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

The aggregate long-term debt maturing in each of the five years subsequent to July 31, 1968 is as follows: year ending July 31, 1969, \$1,989,292; 1970, \$2,602,152; 1971, \$45,291,020; 1972, \$4,015,078; 1973, \$4,524,199.

Redemption or prepayment of the above debt may be made as follows: (1) 4.75% convertible subordinated notes—on any interest payment date at 103.88% of the principal amount to July 31, 1969 with successive reductions to 100% by July 31, 1979; however, required redemption and prepayment privileges are subject to the required payments of principal and interest on any senior indebtedness outstanding; (2) 5.00% notes payable—at 104% of the principal amount to July 31, 1969 with successive reductions to 100% by July 31, 1983, provided, however, that prior to August 1, 1974 no such redemptions will be made with borrowed money which has a net effective interest rate of less than 5% per annum; on or after August 1, 1974 annual prepayments of \$2,000,000 may be made without premiums; (3) 5.25% notes payable—at 103.32% of the principal amount to February 15, 1969 with successive reductions to 100% by February 15, 1980, provided, however, that prior to February 15, 1971 no such redemptions will be made with borrowed money which has a net effective interest rate of less than 5.25% per annum; on or after February 15, 1971 annual prepayments of \$938,000 may be made without premium; (4) notes payable due August 1, 1970 and January 4, 1971—without premium; however, if prepayment is made with borrowings from banks other than noteholders, a premium of $\frac{1}{2}\%$ shall be imposed; and (5) notes payable by subsidiaries—without premium and at various rates to 109.65% of the principal amount.

(9) Deferred credits to income:

The following amounts will be taken into income over a period of years:

Unamortized excess of equity in companies acquired over cost, not specifically allocated (note 1)	\$ 4,264,665
Excess of cost over equity in investments in nonconsolidated subsidiaries and 50% owned companies, less amortization (note 3)	<u>(1,967,292)</u>
	2,297,373
	<u>17,451,938</u>
	<u><u>\$19,749,311</u></u>

The unamortized net excess of equity over cost, not specifically allocated, arose principally from the Kress acquisition in 1963. The excess of equity and the excess of cost are both being amortized over extended periods of time. Amortization amounted to \$922,625 in 1966, \$748,282 in 1967 and \$743,799 in 1968 and is reflected as other income.

Deferred profits on sales and leasebacks of properties, including \$1,037,429 in 1966, \$646,311 in 1967 and \$136,821 in 1968, are being amortized over the lives of the respective leases. Amortization amounted to \$959,446 in 1966, \$1,011,644 in 1967 and \$1,045,047 in 1968 and has been applied to the related rent expense.

(10) Stockholders' Equity:

The changes in the shares of the Company's capital stock during the year ended July 31, 1968 are summarized as follows:

	Common		Employees'		Preferred	
	Outstanding	Treasury	Outstanding	Treasury	Outstanding	Treasury
Issued at July 31, 1967 ..	8,639,252	—	—	—	405,142	—
Plan of exchange	(923,040)	923,040	923,040	—	—	—
Purchases	(321,106)	321,106	(13,798)	13,798	(1,340)	1,340
Conversion of securities	598,918	—	(15,667)	—	(133,991)	—
Employee options and purchase plans	103,364	—	303,464	—	9,334	—
Poolings of interests ..	1,303,181	(581,065)	—	—	391,888	—
Issued at July 31, 1968 ..	<u><u>9,400,569</u></u>	<u><u>663,081</u></u>	<u><u>1,197,039</u></u>	<u><u>13,798</u></u>	<u><u>671,033</u></u>	<u><u>1,340</u></u>

GENESCO Inc. AND CONSOLIDATED SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

Capital stock:

Preferred stocks (aggregate excess of liquidating value over stated value \$72,229,751):	
\$4.50 cumulative convertible preferred stock at \$100 stated and liquidating value per share; redemption value \$103.50 per share. Authorized and outstanding 71,246 shares	\$ 7,124,600
\$4.25 subordinated cumulative convertible preference stock, Series A at \$3.00 stated value per share; aggregate liquidating value, \$6,894,300; redemption value \$100 per share. Authorized and outstanding 68,943 shares	206,829
\$6.00 subordinated cumulative convertible preference stock, Series B at \$2.40 stated value per share; aggregate liquidating value, \$13,154,100; redemption value \$105 per share. Authorized 161,981 shares; issued 131,981 shares. 30,000 shares are reserved contingent upon earnings of certain acquired companies	316,754
\$6.00 subordinated cumulative convertible preference stock, Series C at \$2.20 stated value per share; aggregate liquidating value \$11,876,500; redemption value \$105 per share. Authorized 268,956 shares; issued 119,665 shares. 19,835 shares are reserved contingent upon earnings of certain acquired companies	263,263
\$2.30 subordinated serial preferred stock, Series 1 at \$0.83 stated value per share; aggregate liquidating value \$4,186,600; redemption value \$42 per share. Authorized 131,826 shares; outstanding 104,665 shares; 15,000 shares are reserved for conversion of debentures of a subsidiary	87,217
\$2.40 subordinated serial preferred stock, Series 2 at stated, liquidating and redemption value of \$40 per share. Authorized 395,626 shares; outstanding 175,848 shares	7,033,920
Subordinated cumulative preferred stock at stated value of \$1 per share; aggregate liquidating value \$798; redemption value \$31.90 per share: Authorized 5,000,000 shares; outstanding 25 shares; 1,210,837 shares are reserved for conversion of employees' preferred stock	25
Employees' subordinated convertible preferred stock at stated value of \$1 per share; aggregate liquidating value \$38,185,544. Authorized 4,984,333 shares; issued 1,210,837 shares; 769,244 shares are reserved under employee incentive plans	1,210,837
Common stock at par value of \$1 per share. Authorized 20,000,000 shares; issued 10,063,650 shares. 2,807,896 shares are reserved for conversion of senior securities (including non-consolidated foreign finance subsidiary), 774,625 shares for employee stock options and 694,840 shares contingent upon earnings of certain acquired companies	10,063,650
Additional paid-in capital	97,830,064
Earnings retained in business	136,014,798
Less treasury stock	<u>260,151,957</u>
Total stockholders' equity	<u>12,922,259</u>
	<u><u>\$247,229,698</u></u>

The aggregate liquidating values shown above are net of shares held in the treasury.

Provisions of the long-term promissory notes payable and convertible preferred stock restrict, under various conditions the payment of dividends (other than dividends payable solely in stock of the Company) or the acquisition of shares of the Company's capital stock. The amount of stockholders' equity free, under the most restrictive provisions, at July 31, 1968 amounted to approximately \$74,000,000.

Preferred stock:

The \$4.50 cumulative convertible preferred stock is convertible into common stock at \$26.67 per share. Such stock is nonvoting and redeemable in whole, or in part by lot, at any time upon thirty to sixty days notice at \$103.50 to

GENESCO Inc. AND CONSOLIDATED SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

January 31, 1969 with successive reductions to \$100 after January 31, 1983. Upon involuntary liquidation the preferred shareholders shall receive \$100 per share, the stated value of the issue, plus accrued dividends.

Provisions of the \$4.50 cumulative convertible preferred stock require the Company to provide a sinking fund on December 31, 1974 and each December 31st thereafter to redeem at \$100 per share a number of shares equal to 5% of the number of shares of convertible preferred stock outstanding on December 31, 1973. The Company may at its option and on a cumulative basis credit against such required redemptions shares of convertible preferred stock which have been (1) converted into shares of common stock or (2) purchased or redeemed other than pursuant to the sinking fund after December 31, 1973, and not previously credited against such required redemption.

Preference stock:

Series A subordinated cumulative convertible preference stock is redeemable at the option of the Board of Directors at \$100 per share beginning two years after the date on which such shares become convertible. The amount payable upon voluntary or involuntary dissolution, liquidation or winding up of the Company is \$100 per share. This series is entitled to three votes per share on all matters and is convertible into three shares of common stock as follows: 34,471 shares from April 15, 1969 to April 14, 1972 and 34,472 shares from April 15, 1970 to April 14, 1973.

Dividends are payable on each share at the rate of \$4.25 per annum and accumulate from February 1, 1969 and May 1, 1970 on shares which become convertible on April 15 of each such year. Dividends shall not be payable with respect to any dividend period prior to the date that such dividends become cumulative.

Series B subordinated cumulative convertible preference stock is redeemable on or after June 1, 1972 at \$105 per share with successive reductions to \$100 per share after May 31, 1977. The amount payable upon voluntary or involuntary dissolution, liquidation or winding up of the Company is \$100 per share. Each share is entitled to two votes on all matters and is convertible into 2.4 shares of common stock. Dividends are payable on each share at the rate of \$6.00 per annum and accumulate from the date of issuance thereof.

Series C subordinated cumulative convertible preference stock is redeemable on or after December 1, 1972 at \$105 per share with successive reductions to \$100 per share after December 1, 1977. The amount payable upon voluntary or involuntary dissolution, liquidation or winding up of the Company is \$100 per share. Each share is entitled to two votes on all matters and is convertible into 2.2 shares of common stock. Dividends are payable on each share at the rate of \$6.00 per annum and accumulate from the date of issuance thereof.

Provisions of the \$6.00 subordinated cumulative convertible preference stock, Series B and Series C require the Company to provide a sinking fund on December 31, 1976 and June 30, 1977, respectively, and each December 31st and June 30th thereafter to redeem at the redemption price on that date from each holder of such stock, a number of shares equal to the shareholders' pro rata portion of 5% of the number of shares of such stock issued by the Company. The Company may at its option and on cumulative basis, credit against such required redemption shares of Series B and Series C subordinated preference stock which have been (1) converted into shares of common stock or (2) purchased or redeemed other than pursuant to the sinking fund and not previously credited against such required redemptions.

There are 30,000 shares of Series B preference stock and 19,835 shares of Series C preference stock reserved for issuance contingent upon earnings of certain pooled companies during periods expiring in 1969.

Serial preferred stock:

Series 1 subordinated serial preferred stock is redeemable on or after November 1, 1973 at \$42 per share with successive reductions to \$40 per share after October 31, 1978. The amount payable upon voluntary or involuntary dissolution, liquidation or winding up of the Company prior to November 1, 1973 is \$40 per share, and thereafter is the then prevailing redemption price. Each share is entitled to one vote on all matters and is convertible into five-sixths share of common stock. Dividends are payable on each share at the rate of \$2.30 per annum and accumulate from the date of issuance thereof.

There are 15,000 shares reserved for conversion of debentures of a subsidiary.

GENESCO Inc. AND CONSOLIDATED SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

Series 2 subordinated serial preferred stock is redeemable on or after November 1, 1973 at \$40 per share to January 1, 1974, \$45 per share in 1974 with successive \$2 per share increases for each year thereafter. The amount payable upon voluntary or involuntary dissolution, liquidation or winding up of the Company prior to November 1, 1973 is \$40 per share and thereafter is the then prevailing redemption price. Each share is entitled to one vote on all matters and is not convertible into any other class of the Company's stock.

Dividends accumulate from the date of issuance thereof and are payable on each share at the rate of \$2.40 per annum to November 1, 1973, and thereafter at 6% of the then prevailing redemption price.

Provisions of the Series 2 subordinated serial preferred stock require the Company to provide a sinking fund on or before January 1, 1974, and each January 1st thereafter to redeem at the redemption price prevailing on that date 20% of the number of shares of such stock originally issued by the Company or outstanding on the sinking fund payment date, whichever is greater.

Subordinated preferred stock:

The subordinated cumulative preferred stock is redeemable, at any time, at the option of the Board of Directors at an amount per share equivalent to the amount payable upon liquidation. The amount payable per share upon voluntary or involuntary dissolution, liquidation or winding up of the Company is equivalent to eighty-eight times the average quarterly per share dividend paid on the common stock of the Company for the previous eight quarters, but in no event less than \$30 per share. Each share is entitled to one vote on all matters and is not convertible into any other class of the Company's stock.

Dividends are payable upon each share at the per annum rate of 45% of the average consolidated earnings per share of the common stock of the Company during the preceding two fiscal years, but in no event less than \$1.50 per share per annum, and shall be cumulative, whether or not earned.

There are 1,210,837 shares reserved for conversion of employees' preferred stock.

Employees' preferred stock:

The employees' subordinated convertible preferred stock is non-redeemable and non-dividend paying. The amount payable per share upon voluntary or involuntary dissolution, liquidation or winding up of the Company is equivalent to eighty-eight times the average quarterly per share dividend paid on the common stock of the Company during the previous eight quarters, but in no event less than \$30 per share. Each share is entitled to one vote on all matters and is convertible, when fully paid for by the employee, into one share of either common stock or subordinated cumulative preferred stock of the Company.

There are 769,244 shares reserved under employee incentive plans.

Common Stock:

At July 31, 1968, 774,625 shares of common stock were reserved for issuance under the employee stock plans (note 4).

Common stock is also reserved for issuance in connection with the following transactions:

	<u>Number of shares</u>
Contingent upon earnings of certain pooled companies during periods expiring at various dates to 1971	694,840
Conversion of 4.75% convertible subordinated notes at not more than \$25.67 per share	38,955
Conversion of Susan Thomas 4.50% subordinated convertible debentures	18,000
Conversion of debentures of GENESCO World Apparel, Ltd. (note 12) at \$38.00 per share	394,736
Conversion of \$4.50 cumulative convertible preferred stock at \$26.67 per share	267,173
Conversion of \$4.25 subordinated cumulative convertible preference stock, Series A, at \$33.33 per share	206,829
Conversion of \$6.00 subordinated cumulative convertible preference stock, Series B, at \$41.67 per share	315,698
Conversion of \$6.00 subordinated cumulative convertible preference stock, Series C, at \$45.45 per share	261,283
Conversion of \$2.30 subordinated serial preferred stock, Series 1 at \$48.00 per share	94,385
Conversion of employees' subordinated convertible preferred stock, share for share	1,210,837
	<u>3,502,736</u>

Common stockholders are entitled to one vote per share.

GENESCO Inc. AND CONSOLIDATED SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

Treasury stock:

During the year 923,040 shares of common stock, 565,566 of which were reissued in poolings of interests, were acquired in exchange for employees' preferred stock. At July 31, 1968, 357,474 of these common shares, carried at the exchange value of \$1 per share, remained in the treasury. In addition, treasury stock included 305,607 common shares, 440 Series B preference shares, 900 Series C preference shares and 13,798 employees' preferred shares carried at cost.

(11) Pension plans:

The employees' retirement plans call for the Company and subsidiaries to make contributions to trusts in order to pay annuities to regular employees after retirement. Contributions to the Company's retirement funds are made by the Company as it, from time to time, may determine, although it is not under obligation to make any contributions.

The cost of the Company's principal pension plans, after deducting asset appreciation and increases in deferred property rights, all based on computations by independent actuaries, amounted to approximately \$1,200,000 in 1966; \$300,000 in 1967 and \$550,000 in 1968. Provisions have been made in the accounts for these amounts. Based on computation by independent actuaries, current costs in 1967 and 1968 have been reduced by net increases in values assigned to certain trust assets amortized in accordance with generally accepted accounting principles. The method of valuation of these assets, as refined in 1967, resulted in a decrease in current cost of approximately \$1,500,000 and \$2,400,000 in 1967 and 1968, respectively. It is anticipated that this method will be continued in the future. Unfunded past service costs at July 31, 1968, inclusive of increment due to additional participants from certain acquired companies, was estimated at \$19,400,000. In addition, the Company and its subsidiaries provide payments to profit sharing and other employee contractual welfare plans and such amounts, including the above pension costs, are as follows:

Year ended July 31, 1966	\$4,100,000
Year ended July 31, 1967	4,500,000
Year ended July 31, 1968	5,650,000

(12) Contingent and contractual liabilities:

(a) Guarantee of indebtedness:

The Company guarantees all payments on the \$15,000,000 debentures of a nonconsolidated foreign finance subsidiary. The guarantee is subordinated to the prior payment in full of all present and future senior indebtedness.

(b) Long-term leases:

Minimum annual rentals, exclusive of specifically identified operating costs, under leases in effect at July 31, 1968 with expiration dates as indicated are summarized as follows:

1969-1973	\$14,346,382
1974-1978	5,598,484
1979-1983	7,918,874
1984-1988	4,045,436
1989-1993	6,220,119
After 1993	719,315
	<hr/>
	\$38,848,610

(c) Merchandise in transit:

At July 31, 1968, the Company had in transit merchandise aggregating approximately \$7,000,000 which is not reflected in the accompanying financial statements.

GENESCO Inc. AND CONSOLIDATED SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

(d) Legal matters:

Reference is made to the caption "Legal Proceedings" in this Prospectus.

(13) Supplementary Profit and Loss Information:

	(\$'000 omitted)		
<u>Charged to Profit and Loss</u>	<u>To Cost of Sales</u>	<u>Other</u>	<u>Total</u>
Maintenance and Repairs:			
Year ended: July 31, 1966	\$4,130	\$3,705	\$7,835
July 31, 1967	4,877	4,513	9,390
July 31, 1968	5,272	4,637	9,909
Depreciation and amortization of fixed assets:			
Plant, equipment and leasehold improvements:			
Year ended: July 31, 1966	3,414	3,697	7,111
July 31, 1967	4,102	4,137	8,239
July 31, 1968	4,271	4,175	8,446
Lasts, dies and patterns:			
Year ended: July 31, 1966	2,445	—	2,445
July 31, 1967	2,499	—	2,499
July 31, 1968	2,736	—	2,736
Taxes, other than income taxes:			
Social security taxes:			
Year ended: July 31, 1966	6,565	4,848	11,413
July 31, 1967	7,240	5,606	12,846
July 31, 1968	8,358	6,093	14,451
State and local taxes:			
Year ended: July 31, 1966	934	6,499	7,433
July 31, 1967	1,053	6,577	7,630
July 31, 1968	1,018	6,392	7,410
Rents (see note 12):			
Year ended: July 31, 1966	2,564	27,383	29,947
July 31, 1967	2,730	29,164	31,894
July 31, 1968	3,232	30,031	33,263
Royalties:			
Year ended: July 31, 1966	3,121	2,653	5,774
July 31, 1967	3,313	3,567	6,880
July 31, 1968	3,894	4,850	8,744

There were no management or service contract fees.

(14) Earnings per share:

Disclosure of the potential reduction in per share earnings is required in accordance with criteria outlined in Opinion No. 9 of the Accounting Principles Board of the American Institute of Certified Public Accountants.

GENESCO Inc. AND CONSOLIDATED SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

It is the opinion of the Company that any presentation which is based on such a variety of theoretical assumptions is of very limited value to any reader of our financial statements and could be misleading unless the underlying assumptions are thoroughly understood. Accordingly, any conclusions should be made in conjunction with a thorough review of the assumptions discussed in the following paragraphs.

If all common stock contingently issuable at the end of 1968 and 1967 had been issued at the beginning of each such year and if appropriate recognition had been given to items affecting earnings applicable to common stock, as described below, earnings per share would have been reduced as follows:

	<u>1968</u>	<u>1967</u>
Conversion of senior securities	\$.11	.19

Earnings applicable to common stock have been increased by preferred dividends applicable to the converted preferred shares and the after tax effect of interest paid on the debentures. Average common shares outstanding have been increased by the number of common shares to be issued in such conversion.

	<u>1968</u>	<u>1967</u>
Conversion of debt of nonconsolidated foreign finance subsidiary	\$.02	—

Earnings applicable to common stock have been increased by the after tax effect of interest paid on the debt and by the imputed net earnings on the permanent investment of the proceeds of the debt. Average common shares outstanding have been increased by the number of common shares to be issued in such conversion. Optional redemption features make the extent of conversion impossible to calculate.

	<u>1968</u>	<u>1967</u>
Issuance of shares contingent upon earnings of certain acquired companies	\$.02	—

This calculation assumes the issuance of common shares equal to the pro rata portion of the incentive amount earned during the current fiscal year. For example, if an incentive agreement provided for issuance of 100,000 shares of common stock based on incentive earnings of \$3,000,000, and if \$1,000,000 of the incentive earnings were earned during the current fiscal year, then the pro forma calculation would give effect to an additional 33,333 common shares. The possibility of changes in incentive earnings levels from year to year make it difficult to project with any degree of certainty the final number of common shares to be issued.

	<u>1968</u>	<u>1967</u>
Exercise of outstanding employee stock options	\$.04	.03

Earnings applicable to common stock have been increased by the after tax effect of the imputed return on the cash which would have been received in full settlement of such options. Average common shares outstanding have been increased by the number of common shares to be issued upon the exercise of such options. This calculation is based on the assumption that all outstanding options will be exercised; however, Company experience indicates that an indeterminable number of such options will be terminated rather than exercised.

	<u>1968</u>	<u>1967</u>
Conversion of employees' subordinated convertible preferred stock	\$.17	—

This is a non-dividend paying stock which was issued in conjunction with the Company's incentive plans. During the time the stock is being paid for by the employee, he receives an amount of incentive compensation in accordance with the terms of the plan. The amount of this incentive compensation is credited to the balance of the employee's note until the note is fully paid. At that time the employee has the option

GENESCO Inc. AND CONSOLIDATED SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

of converting his employee preferred shares into common stock or into a non-convertible dividend paying preferred stock on a share for share basis. There is no way to determine which option the employee will exercise. If all employees converted to common instead of preferred, it would require the issuance of 1,197,039 common shares based on the current status of the plans. It is reasonable to assume, however, that some employees will choose the option of the dividend paying preferred stock which would require that pro forma calculations give effect to the dividends paid on the preferred stock.

Based on this number of theoretical alternatives, the only possible approach is to compute the effect on the most conservative basis—the one that assumes full conversion into common stock. This being the case, the earnings applicable to common stock have been increased in 1968 by the after tax effect of incentive compensation paid and the average common shares outstanding have been increased by the number of common shares to be issued upon such assumed conversion.

If all common stock contingently issuable at the end of 1968 and 1967 had been issued as of the beginning of each such year, based on the assumptions discussed above, earnings per share would have been reduced by \$.36 in 1968 and \$.22 in 1967 and the book value of common stock at July 31, 1968 would have been increased by \$111,000,000 (\$.467 per common share).

(15) Post balance sheet event:

The Company has agreed to acquire the outstanding stock of Lebanon Knitting Mills, Inc., and its affiliated corporations engaged in the manufacture of wool and polyester fabrics. At the closing the Company is to issue 100,000 shares of Series 2 subordinated serial preferred stock and 75,000 shares of a new Series 3 subordinated serial preferred stock. At June 30, 1968, Lebanon had total assets of \$15,765,000 and stockholders' equity of \$7,078,000. Net sales and net earnings for the year ended June 30, 1968 were \$19,457,000 and \$784,000, respectively.

GENESCO
Everything To Wear



15.

TRANSFER AGENTS AND REGISTRARS

The transfer agents and registrars for the Company's Common Stock are as follows:

<u>City</u>	<u>Transfer Agent</u>	<u>Registrar</u>
New York	Morgan Guaranty Trust Company of New York, New York, New York 10004	Chemical Bank New York Trust Company, New York, New York 10004
Nashville	First American National Bank of Nashville, Nashville, Tennessee 37202	Third National Bank in Nashville, Nashville, Tennessee 37202
Toronto	Canada Permanent Trust Company, Toronto, Ontario	National Trust Company, Limited Toronto, Ontario

The share certificates for the Company's Common Stock are mutually interchangeable, and no fee is charged for the transfer of such stock other than applicable governmental stock transfer taxes.

16.

AUDITORS

The Company's independent auditors are Peat, Marwick, Mitchell & Co., certified public accountants, Life and Casualty Tower, Nashville, Tennessee 37219.

17.

OFFICERS AND DIRECTORS

The following is a list of all officers and directors of the Company together with their respective positions with the Company and business addresses:

<u>Name</u>	<u>Position with Company</u>	<u>Address</u>
W. Maxey Jarman	Chairman and Director	111 Seventh Avenue North, Nashville, Tennessee 37202
Ben H. Willingham	President (Chief Executive Officer) and Director	111 Seventh Avenue North, Nashville, Tennessee 37202
William M. Blackie	Executive Vice-President and Chairman Executive Committee and Director	111 Seventh Avenue North, Nashville, Tennessee 37202
Franklin M. Jarman	Executive Vice-President and Director	111 Seventh Avenue North, Nashville, Tennessee 37202
J. Owen Howell, Jr.	Executive Vice-President — Group Operations and Director	111 Seventh Avenue North, Nashville, Tennessee 37202
E. DeVaughn Woods	Executive Vice-President — Group Operations and Director	111 Seventh Avenue North, Nashville, Tennessee 37202
Sam A. Buchanan	Vice-President — Group Operations and Director	111 Seventh Avenue North, Nashville, Tennessee 37202
H. Nelson Carmichael	Vice-President — Group Operations and Director	111 Seventh Avenue North, Nashville, Tennessee 37202
William S. Flanagan	Vice-President — Group Operations and Director	111 Seventh Avenue North, Nashville, Tennessee 37202
W. Gregory Quick	Vice-President — Group Operations and Director	111 Seventh Avenue North, Nashville, Tennessee 37202
Leonard K. Guiler	Vice-President — Corporate Development	730 Fifth Avenue, New York, New York 10019
James P. Saunders	Vice-President and Secretary and Director	111 Seventh Avenue North, Nashville, Tennessee 37202
H. Wilks Brawley	Vice-President — National and International Relations	Suite 810, 1700 Pennsylvania, N.W., Washington, D.C. 20006
Charles W. Cook	Vice-President — Distribution and Director	GENESCO Park, Nashville, Tennessee 37202
Houghton D. Vaughn	Vice-President — Distribution and Director	GENESCO Park, Nashville, Tennessee 37202
Duke J. Rose	Vice-President — Marketing	111 Seventh Avenue North, Nashville, Tennessee 37202
George C. Collins	Vice-President — Manpower	111 Seventh Avenue North, Nashville, Tennessee 37202
Kirk H. Low	Vice-President — Mfg. Co-ordination	111 Seventh Avenue North, Nashville, Tennessee 37202
Larry B. Shelton	Vice-President — Central Control	111 Seventh Avenue North, Nashville, Tennessee 37202

<u>Name</u>	<u>Position with Company</u>	<u>Address</u>
J. G. DeLacey	Vice-President and Treasurer	111 Seventh Avenue North, Nashville, Tennessee 37202
James H. Cheek, Jr.	Vice-President — Footwear Manufacturing	GENESCO Park, Nashville, Tennessee 37202
Fred Lang	Vice-President — Unified Retail Groups	111 Seventh Avenue North, Nashville, Tennessee 37202
Ben R. Murphy	Vice-President — Corporate Relations	111 Seventh Avenue North, Nashville, Tennessee 37202
Paul Oberhellman	Assistant Vice-President	111 Seventh Avenue North, Nashville, Tennessee 37202
Ralph H. Bowles	Vice-President — Organizational Planning	111 Seventh Avenue North, Nashville, Tennessee 37202
George Langstaff, Jr.	Vice-President — Footwear Marketing	GENESCO Park, Nashville, Tennessee 37202
Stuart Carlisle	Auditor	111 Seventh Avenue North, Nashville, Tennessee 37202
Robert C. Hilton	Assistant Vice-President	111 Seventh Avenue North, Nashville, Tennessee 37202
Edward M. McGinley	Assistant Vice-President	730 Fifth Avenue, New York, New York 10019
Maurice E. Miller	Assistant Vice-President	200 South Commerce Drive, Waco, Texas 76710
William C. O'Connor	Assistant Vice-President	111 Seventh Avenue North, Nashville, Tennessee 37202
J. Harvey Ruth	Assistant Vice-President	111 Seventh Avenue North, Nashville, Tennessee 37202
John A. Ball	Assistant Vice-President	GENESCO Park, Nashville, Tennessee 37202
Ernest B. Holt	Assistant Treasurer	111 Seventh Avenue North, Nashville, Tennessee 37202
T. Douglas Oxford	Assistant Treasurer	GENESCO Park, Nashville, Tennessee 37202
Robert A. Ables	Assistant Secretary	730 Fifth Avenue, New York, New York 10019
Rodes Ennis	Assistant Secretary	GENESCO Park, Nashville, Tennessee 37202
William S. Wire, II	Assistant Secretary	111 Seventh Avenue North, Nashville, Tennessee 37202
Sam Fleming	Director	Third National Bank, 170 Fourth Avenue, N., Nashville, Tennessee 37219
Edward Glassmeyer, Sr.	Director	Blyth & Co., Inc., 14 Wall Street, New York, New York 10005
E. W. Graham, Jr.	Director	GENESCO Park, Nashville, Tennessee 37202
John A. Hill,	Director	Aetna Life & Casualty Co., 151 Farmington Avenue, Hartford, Conn. 06115
Harold K. Johnson	Director	P.O. Box 2541, Silver Bay, New York 12874
S. W. Kunstadter	Director	Suite 1807, Two No. Riverside Plaza, Chicago, Illinois 60606
Bayless Manning	Director	School of Law, Stanford University, Stanford, California
Dr. Pierre A. Rinfret	Director	Rinfret Boston Associates, Inc., 641 Lexington Avenue, New York, New York 10022
M. S. Wigginton	Director	111 Seventh Avenue North, Nashville, Tennessee 37202
William R. Landa	Vice-President — Organizational Development	730 Fifth Avenue, New York, New York 10019

CERTIFICATE

Pursuant to resolutions duly adopted by its Board of Directors on the 21st day of October, 1968, the Company hereby makes application for listing of its Common Stock, par value \$1.00 per share, on The Toronto Stock Exchange, and the duly authorized officers hereby certify that the statements submitted in support thereof are true and correct.

Executed this 21st day of October, 1968.

GENESCO INC.

By "J. P. SAUNDERS",
Vice-President and Secretary

Attest:

"WILLIAM S. WIRE, II",
Assistant Secretary

{ Corporate
Seal }

